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INTELLECTUAL PROPERTY AND
INFORMATION LAW

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INTELLECTUAL PROPERTY AND
INFORMATION LAW

Essays in Honour of
Herman Cohen Jehoram

Editors

Jan J.C. Kabel and
Gerard J.H.M. Mom

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Herman Cohen Jehoram

Curriculum Vitæ

- born in Delft (21 September 1933)
- PhD from Leyden University (1963)
- public officer in the Ministry of Justice, Legislation Department New Civil Code
- since 1966: professor at the Faculty of Law of the University of Amsterdam
- since May 1969: president of the ‘Vereniging voor Auteursrecht’ (Dutch Copyright Association, the Dutch National Group of the ALAI)
- vice-president of the Association Littéraire et Artistique Internationale (ALAI)
- chairman of the Board of editors of ‘Informatierecht/AMI’, the Dutch magazine on copyright, media and information law
- chairman of the Board of the ‘Stichting Auteursrechtmanifestaties’ (Dutch Foundation for Copyright Promotion)
- chairman of the Benelux Study Group for Industrial Property
- member of the Copyright Committee (official advisory body to the Dutch Government on copyright matters)
- member of the Copyright Experts Group of the European Commission, DG XV
- member of the Board of the Institute for Information Law
- member of the Advisory Body of the Internationale Gesellschaft für Urheberrecht
- member of the Board and Scientific Council of the Max-Planck-Institut für ausländisches und internationales Patent-, Urheber- und Wettbewerbsrecht, Munich
- counsellor of the Juridical Student Academy for Intellectual Property ‘Josef Kohler’

Preface

True achievements can be summed up in a few words, as is the case with those of Herman Cohen Jehoram, to whom this *Liber Amicorum* is dedicated. Abroad he represented the Netherlands; at home he represented ‘abroad’. He familiarized the Dutch legal community with foreign – particularly international – copyright law. His achievements in copyright law in this country – apart from his professorship at the University of Amsterdam – lie particularly in chairing the *Vereniging voor Auteursrecht* (Dutch Copyright Association), the *Stichting Auteursrechtmanifestaties* (Dutch Foundation for Copyright Promotion) and the editorial staff of *Informatierecht/AMI*, the leading Dutch review on copyright law. On the other hand, it was Cohen Jehoram who put Holland on the international copyright law map through his organizational and academic work for the Association Littéraire et Artistique Internationale (ALAI), the World Intellectual Property Organization (WIPO) and the European Commission. There was a time when Cohen Jehoram was the voice of Dutch copyright law abroad.

His style, which according to a famous proverb, *c'est l'homme même*, is a mixture of irony and concern, merry when it concerns exposing political squabbling, not altogether free from vanity, not swayed by the issues of the day, always with concern for the interests of genuine creators and constantly motivated by the urge to keep copyright law pure. The protection of non-original writings, neighbouring rights, the right of portrayed persons to cashable popularity, the problem of computer-generated works: these should remain outside copyright law proper as far as he’s concerned, and in most cases his arguments on this subject are heeded – at home and abroad.

His liberal views on government interference in the media, particularly broadcasting, based on the fundamental right of freedom of expression, proved valuable at an early stage. Cohen Jehoram can be described as the founding father of the University of Amsterdam’s Institute for Information Law.

It is probably less well-known that Cohen Jehoram is an authority on the eighteenth and early nineteenth-century codification history. Students who took his “Introduction to the science of law” course at Amsterdam during the sixties were brought up with the results of this knowledge: thus they learnt that laws can never be absolutely clear. Cohen Jehoram’s talent for teaching is reflected particularly in the annotations he writes on almost all Dutch and European casebook judgments on intellectual property law in the law students’ journal *Ars Aequi*, each of which could be described as a pocket guide to the subject in question. Cohen Jehoram has also shown his interest in his students by heading flourishing student associations in the field of law in general and intellectual property law in particular. Many people will

remember him brightening up the ALAI's second Aegean Sea Congress with his own students, for whom he, the wily Odysseus, managed to organize travel grants.

This collection is one worthy of Herman Cohen Jehoram, not only in terms of the worldwide provenance of the essays but also as regards the topics covered. To our surprise, there was no problem arranging the contributions. We hope we have succeeded in making the book not only a real *Festschrift* but also a work that gives the reader an understanding of some topical issues in the field of intellectual property, media and information law. Naturally, it includes many copyright law topics, but more general problems of intellectual property law and specific issues of industrial property, media and information law are also dealt with. Altogether these reflect Cohen Jehoram's broad academic interests, including his historical interests. The list of his publications given here – which does not include his works in Dutch – speaks for itself.

Amsterdam, August 1998
The Editors

Contents

Preface	vii
I. Intellectual Property	
Exhaustion of Intellectual Property Rights: Worldwide or Community-(EEA-)wide? <i>Willy Alexander</i>	3
Copyright and Competition Law: Difficult Neighbours <i>Jan Corbet</i>	17
The Concept of Possession and Intellectual Property in French Law <i>André Françon</i>	23
International Intellectual Property, Conflicts of Laws, and Internet Remedies <i>Paul Edward Geller</i>	29
Reflections on the Concept of Intellectual Property <i>Georges Koumantos</i>	39
Three Times a Hybrid Typecasting Hybrids Between Copyright and Industrial Property <i>Antoon A. Quaedvlieg</i>	47
The Impact of Copyright on Benelux Design Protection Law <i>Jaap H. Spoor</i>	59
The Cumulative Effect of Copyright Law and Trademark Law: Which Takes Precedence? <i>D.W. Feer Verkade</i>	69
II. Copyright and Neighbouring Rights	
Indonesian Copyright Law after TRIPs: Between Dutch Tradition and Anglo-American Influences <i>Christoph Antons</i>	79

CONTENTS

The Cottage by the Highway Some Notes on the Relationship Between Copyright and Publishing <i>Maarten Asscher</i>	87
Herman Cohen Jehoram and the Dutch Copyright Society: A Personal Interpretation <i>Paul Nijhoff Asser</i>	97
Copyright in Non-Original Writings. Past – Present – Future? <i>Tobias Cohen Jehoram</i>	103
Copyright and Human Rights <i>François Dessemontet</i>	113
A Concept of ‘ <i>Domaine Public Payant</i> ’ in the Field of the Neighbouring Right of Performers <i>Adolf Dietz</i>	121
Damages for Copyright Infringement in Germany <i>Thomas Dreier, M.C.J.</i>	129
Judicial Control of Copyright on Public Policy Grounds <i>Gerald Dworkin</i>	137
Private Copying in the Digital Environment <i>Jane Ginsburg and Yves Gaubiac</i>	149
Harmonization of Copyright in the European Union <i>Frank Gotzen</i>	157
Dutch Copyright: Right or Expediency? (1817–1912 and after) <i>F. Willem Grosheide</i>	175
Implementing the European Database Directive <i>P. Bernt Hugenholtz</i>	183
European Originality: A Copyright Chimera <i>Gunnar W.G. Karnell</i>	201
Collective Copyright Administration, Competition and Supervision (From HCJ to MDW) <i>Niek van Lingen</i>	211
Towards a Basic International Regime of Copyright Contracts <i>Wilhelm Nordemann</i>	217
Malesherbes on the Rights and Duties of Authors <i>David Peeperkorn</i>	223

CONTENTS

III. Industrial Property and Unfair Competition

Merck II: A Missed Opportunity <i>Jan Brinkhof</i>	243
Informal Rights in Industrial Designs: Why Impose Community Constraints? <i>William Cornish</i>	253
Design Protection and Unfair Competition <i>Charles Gielen</i>	261
Keeping Up Appearances <i>Tony Huydecoper</i>	275
Misappropriation of Goodwill of Popular Symbols <i>J.C. Sebastian Pinckaers</i>	283

IV. Information Law

Addresses in Cyberspace Have No Physical Place Addresses, Telephone Numbers and Domain Names <i>Egbert Dommering</i>	299
Copyright and Freedom of Expression in the Swedish Constitution: An Example for the Netherlands? <i>Jan M. de Meij</i>	315
Information Law: From Concentric Circles Theory to Pimple Theory <i>Gerard A.I. Schuijt</i>	323

List of Selected Publications of Herman Cohen Jehoram	333
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Curricula Vitæ of the Authors	343
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Chapter I

Intellectual Property

Exhaustion of Intellectual Property Rights:
Worldwide or Community-(EEA-)wide?

Copyright and Competition Law: Difficult Neighbours

The Concept of Possession and Intellectual
Property in French Law

International Intellectual Property, Conflicts
of Laws, and Internet Remedies

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Three Times a Hybrid
Typecasting Hybrids Between Copyright and Industrial Property

The Impact of Copyright on Benelux Design Protection Law

The Cumulative Effect of Copyright Law and Trademark Law:
Which Takes Precedence?

Exhaustion of Intellectual Property Rights: Worldwide or Community-(EEA-)wide?

Willy Alexander

Herman Cohen Jehoram and I have for many years shared an interest in the issue of international exhaustion of intellectual property rights. In discussing this matter, we sometimes agreed and sometimes disagreed, as it should be in the academic world.

This contribution will not so much deal with differences of opinion between authors on the subject. There is another dividing line: that between most of the learned world on the one hand, and the hard world of reality on the other hand. It reveals that the issue of exhaustion of intellectual property rights is not a neutral one, but a matter of political choices. Being extremely concerned about the choices that have been made, I feel it my duty to raise my voice against the developments that have taken place over the last twelve years.

So, although this paper will bear all the paraphernalia of a scientific one, the reader is warned that in reality it is a piece of legal activism. I do not pretend that there are any really new ideas in it; many of my main contentions have already been brought forward by other authors.¹

National Exhaustion

Intellectual property rights serve different purposes. The most relevant distinction for the present subject matter may be that between trademark rights which protect a manner of identification of goods, and other rights – such as patents, copyright and neighbouring rights – which are designed to grant exploitation monopolies. But all these rights have a common structure. The law confers upon their proprietor the right to prevent all third parties not having his consent from dealing commercially within

¹ I refer in particular to: I. Govaere, 'The Impact of Intellectual Property Protection on Technology Transfer between the EC and the Central and Eastern European Countries', *JWT* 1991, Nr 5, 57; Abdulqawi A. Yusuf and Andrés Moncayo von Hase, 'International Property Protection and International Trade – Exhaustion of Rights Revisited', 16 *World Competition* No. 1, 115 (1992); Stanislaw Soltysiński, 'International Exhaustion of Intellectual Property Rights under the TRIPs, the EC Law and the Europe Agreements', *GRUR Int.* 1996, 316; Frederick M. Abbot, *First Report (Final) to the Committee on International Trade Law of the International Law Association on the Subject of Parallel Importation*, April 1997.

their territory of application in the protected goods. From the wider range of activities covered by the exclusive right I shall, for the sake of simplicity, select the most essential one, that of selling.

In a number of countries, the case law has developed the rule that this exclusivity applies only to the first sale of the product on the national market. From that moment on the article is no longer subject to the legal monopoly. The explanation for this has varied.

The German *Reichsgericht* has decided that when a product to which the trademark has been lawfully affixed and which has thus been put into circulation by the owner of the mark or by a person who has been authorized to do so, the scope of the trademark law is exhausted. The *Reichsgericht's* explanation was that the function of the trademark consisted in distinguishing the goods of its proprietor from other goods, and that trademark law did not guarantee a sales monopoly with respect to branded goods.² In France, the loss of control over further distribution was based on the idea that an article put on the market by the proprietor of the right or with his consent cannot be an infringing product.³

With respect to patents, it has been said that by the first sale of the product the patentee has received the consideration for its use;⁴ that by this act the protection granted by the patent is exhausted.⁵ The *Reichsgericht* added that the patentee who has manufactured the product and placed it on the market under this protection, which bars competition with other persons, has enjoyed the advantages that the patent granted him and has thus obtained the benefit of his right. A further extension of his rights would lead to an unacceptable burden on trade. Another explanation of such a limitation of the exclusivity right was based on the assumption that the conditions of sale imply the licence to use the goods wherever the purchaser pleases.⁶

In the meantime, in many countries acts in the field of intellectual property have provided explicitly that the exclusive right does not extend to the resale of products put on the (national) market by its proprietor or with his consent.

The Problem

The issue of international exhaustion deals with the question whether, and if so under what circumstances, that rule should also be applied to products marketed abroad by the proprietor of an intellectual property right or with his consent.

An affirmative reply to that question would mean that the owner of a national exclusive right cannot rely on it in order to stop a trader from reselling within its

2 RG 28.2.1902 (Kölnisch Wasser), *RGZ* 229.

3 Cass. 18.5.1987 (Guerlain), *D.* 1987 *Jur.* 558, 20 *IIC* 745 (1989).

4 In the USA: *Adams v. Burks*, 84 US 453 (1873).

5 In Germany: RG 26.3.1902 (*Guaajokol-Karbonat*), *RGZ* 139. In the USA: *Univis Lens Company v. USA*, 316 US 241 (1942).

6 In the UK: *Bevis v. Willmott*, [1871] LR 6 Ch. App. 239.

territory of application protected goods which he, i.e., the owner of the right, or some related company had marketed outside that territory.

A negative reply would result in granting to the owner of the national exclusive right protection against the importation of his own products and/or an import monopoly in that respect. He would be capable of preventing parallel imports, i.e., imports of his products by independent third parties.

I shall consider the solutions proposed within the European Union. In doing so three stages must be distinguished: (1) solutions without regard of EC law; (2) the case-law of the Court of Justice with respect to restrictions on trade between Member States; and (3) the treatment of imports from third countries by Community regulations and directives. In spite of the fact that they partly overlap chronologically, I shall refer to the first one as the pre-EC stage.

Pre-EC Law

Except, perhaps, with respect to patent law, the legal situation within the countries of the European Union is far from clear-cut. The relevant acts do not specify whether the owner of the exclusive right may sue parallel importers of products marketed abroad by him, by a related company or with his consent, and cases seem to be scarce. The following picture cannot give more than an impression of the situation in a few countries regarding some intellectual property rights.

With respect to trademarks, a range of solutions can be identified. Its extremes are found on the one hand in German law, which extended its rule of exhaustion to products marketed abroad by the owner of the national right, by a related company or by a licensee,⁷ and on the other hand in Spanish law, where the 1988 Trademark Act limits this rule to the sole products placed on the national market by the proprietor of the mark or with his consent.⁸ The Benelux, Austrian and Swedish laws are similar to the German position.⁹ In Italy, the parallel importation of branded goods marketed abroad by the local trademark owner does not constitute an infringement if the Italian exclusive right belongs to the same person; but it does constitute an infringement if

7 BGH 22.1.1964 (Maja), *GRUR Int.* 1964, 202; BGH 2.2.1973 (Cinzano), *GRUR Int.* 1973, 562, 2 *CMLR* 21 (1974).

8 Art. 32 (1) of Law No. 32/1988.

9 Benelux: Explanatory Note to Art. 13A (3) of the Uniform law. Austria: Oberster Gerichtshof 30.11.1970 (Agfa), *GRUR Int.* 1971, 20. Sweden: High Court 17.10.1967 (Polycolor), *GRUR Int.* 1968, 22.

the national rights have been split up.¹⁰ The position appears to be less clear in France and in the UK, due to judgments which are difficult to reconcile.¹¹

With respect to patents, the laws of most Member States of the European Union allow the patentee to oppose imports of products marketed abroad by himself or with his consent.¹² Under English law he may do so if he had imposed proper limitations on what may be done with the patented product once it is sold.¹³

This latter solution seems to apply also under the copyright law of both the UK¹⁴ and Germany. While German law adheres to the principle of exhaustion of the national exclusive right, if the protected product has been marketed by or with the consent of the proprietor in a foreign country where he is also the proprietor of a parallel right, the latter can render that principle inapplicable by excluding Germany from his licence.¹⁵ In the Netherlands, the position with respect to neighbouring rights is that the exclusive right is exhausted if the reproduction has been put on the market by the owner of the right or with his consent, wherever in the world.¹⁶

Community-Wide Exhaustion

For the purpose of establishing a common market, Article 30 of the EEC Treaty prohibits all quantitative restrictions on imports and exports between Member States and all measures having an equivalent effect. Article 36 makes an exception for restrictions justified, *inter alia*, on grounds of the protection of industrial property.

The Court of Justice has affirmed that these rules concerning the free movement of goods within the Common Market prohibit the exercise of an intellectual property

10 Cassaz. 20.10.1956 (*Palmolive*), *Foro it.* 1957, I, 1021.

11 For France: on the one hand: Cass. (comm) 17.4.1969 (*Körting*), *RIPIA* 1970, 5: the assignee of the French right to the trademark cannot prevent parallel importation of goods marketed by the trademark owner in Germany; and, on the other hand: Cour d'appel de Paris 12.5.1995 (*Ocean Pacific*): when the product has been marketed outside the EEC, the owner of the trademark can prevent its unauthorized use within the French territory. For the UK: on the one hand: *Revlon Inc. v. Cripps & Lee Ltd.* [1980] *FSR* 85: members of an international group cannot prevent the resale in the UK of products marketed by the group in another part of the world; and, on the other hand: *Colgate-Palmolive Ltd. v. Markwell Finance Ltd.* [1989] *RPC* 497: the British subsidiary can prevent the parallel importation of toothpaste (of lower quality) marketed by another subsidiary in Brazil.

12 Germany: BGH 3.6.1976 (*Tylosin*), *GRUR* 1976, 579/582, I *CMLR* 460 (1977). The Netherlands: HR 25.6.1943 (*Philips/Mebius*), *NJ* 1943, 519; and a 1987 amendment of Art. 30 (4) of the 1910 Patent Act, reaffirmed in Art. 54 (4) of the 1995 Patent Act. France: Art. L. 613-6 of Law No. 92-597 on the Intellectual Property Code. Belgium: Articles 27 and 28 of the 1984 Patent Act. Spain: Art. 53 of the 1986 Patent Act. Denmark: Section 3(3) of the Patent Act. Sweden: Art. 3 of the 1967 Patent Act. Finland: Section 3 (3.2) of the Patent Act.

13 *Betts v. Willmott* [1871] L.R. 6 Ch. 239; *S.A. des Glaces v. Tilghmann* [1883] 25 Ch. D. 1, C.A.; *Roussel Uclaf v. Hockley International* [1996] 14 R.P.C. 441, 28 *HC* 744 (1997).

14 High Court of Australia in *Time-Life v. Interstate Parcel* [1978] F.S.R. 251; W.R. Cornish, *Intellectual Property* (1996), pp. 12-15.

15 BGH 28.10.1987 (*Schallplattenimport III*), *GRUR* 1988, 373.

16 HR 25.10.1996 (*Pink Floyd/Rigu Sound*), *KG* 1996 No. 206C.

right conferred by the legislation of a Member State, to prohibit the sale in that state of a product which had been marketed in another Member State by the proprietor of the right or with his consent.

This rule has been applied to the exercise of trademark rights. If a trademark owner could prevent the import of protected products marketed by the same undertaking, by a company belonging to the same group, by a licensee or by an exclusive distributor in another Member State, he would be able to partition off national markets, in a situation where no such restriction was necessary to guarantee the essence of the exclusive right. The role of the trademark is to offer a guarantee that all goods bearing it have been produced under the control of a single undertaking which is accountable for its quality.¹⁷

The same rule has been applied to the exercise of patent rights, of copyright and of neighbouring rights. In the case of patents, the Court held that its specific subject matter – the safeguard of which could justify a derogation from the free movement of goods – is the guarantee that the patentee, to reward the creative effort of the inventor, has the exclusive right to use an invention with a view to manufacturing industrial products and putting them into circulation for the first time, either directly or by the grant of licences to third parties.¹⁸ The Court of Justice deemed it irrelevant whether this first sale had occurred under the protection of a parallel patent or not.¹⁹ With respect to copyright, it was stated that its commercial exploitation raises the same issues as that of any other industrial property right, because it is a source of remuneration for its owner, and it also constitutes a form of control on marketing by the owner.²⁰ In relation to neighbouring rights, the Court said that such an isolation of national markets would be repugnant to the essential purpose of the Treaty, which is to unite national markets into a single market.²¹

It is not surprising that the Court held in 1976 that neither the rules of the Treaty on the free movement of goods between Member States, nor the principles governing the common commercial policy prohibit the proprietor of a mark in all Member States of the Community from exercising his right in order to prevent the import of similar products bearing the same mark and coming from a third country.²² But it was also held that the enforcement of copyright against the importation and marketing of gramophone records lawfully manufactured and placed on the market in Portugal by licensees of the proprietor of those rights was not contrary to the free trade agreement concluded between the EEC and Portugal, in spite of the fact that it contained provisions similar to Articles 30 and 36 of the EEC Treaty. The Court gave two reasons

17 Case 17/64 *Centrafarm v. Winthrop*, [1974] ECR 1183; Case C-9/73 *IHT v. Ideal Standard*, [1994] ECR I-2836.

18 Case 15/74 *Centrafarm v. Sterling Drug*, [1974] ECR 1183.

19 Case 187/80 *Merck-I*, [1981] ECR 2063; Joined Cases C-267/95 and C-268/95 *Merck-II*, [1996] ECR I-6285.

20 Joined Cases 55 and 57/80 *Membran v. Gema*, [1981] ECR 147.

21 Case 78/70 *DGG v. Metro*, [1971] ECR 487.

22 Case 51/75 *EMI v. CBS*, [1976] ECR 871.

for its distinction: (1) the agreement with Portugal did not have the same purpose as the EEC Treaty, in as much as the latter seeks to create a single market reproducing as closely as possible the conditions of a domestic market; and (2) the instruments which the Community has at its disposal in order to achieve the uniform application of Community law and the progressive abolition of legislative disparities within the Common Market have no equivalent in the context of the relations between the Community and Portugal.²³

EU Harmonization

Import restrictions are justified within the meaning of Article 36 EEC when the protection conferred by the exclusive right is invoked against a product coming from a Member State where it was lawfully put on the market, but without the consent of the owner of that right. Such a situation may be due to differences between the national rules on intellectual property law. This is why the EEC has launched an extensive programme consisting on the one hand of the creation of uniform Community law and, on the other hand of the approximation of national laws.

In the field of trademark law, this has led to the parallel adoption of a Regulation creating a Community trademark²⁴ and a Directive for the approximation of the laws of the Member States.²⁵ Both instruments make provision for a rule of exhaustion. The original proposals were to the effect that:

'the trademark shall not entitle the proprietor thereof to prohibit its use in relation to goods which have been put on the market under that trademark by the proprietor or with his consent.'²⁶

In the Explanatory Memorandum it was said that this principle applied regardless of whether the product bearing the mark was put on the market within or outside the Community.²⁷ The European Parliament proposed to limit this rule of exhaustion to goods put on the market within the European Community.²⁸ The Commission amended its proposals accordingly.²⁹ In its Explanatory Memorandum it declared that it had:

'formed the opinion that the Community legislator should refrain from introducing this principle (viz. of international exhaustion) and make do with the rule of

23 Case 270/80 *Polydor v. Harlequin Record Shops*, [1982] ECR 329.

24 Council Regulation (EC) No. 40/94 on the Community trademark, *OJ* of 4.1.1994 No. L 11/1.

25 First Council Directive to approximate the laws of the Member States relating to trademarks, *OJ* of 11.2.1989 No. 40/1.

26 Art. 11 (1) of the proposal for the Regulation, *OJ* of 31.12.1980 No. C 351/5; Art. 6 (1) of the proposal for the Directive, *OJ* of 31.12.1980 No. C 351/1.

27 COM (80) 635 final/2, quoted by Rasmussen, 'The Principle of Exhaustion of Trademark Rights Pursuant to Directive 89/104 (and Regulation 40/94)', 4 *ELPR* 174 (1995), p. 175.

28 Resolution of 12.10.1983, *OJ* of 14.11.1983 No. C 307/63 and 307/66.

29 *OJ* of 31.8.1984 No. C 230/1; *OJ* of 31.12.1985 No. C 351/4.

Community-wide exhaustion. The Community must, however, be empowered to conclude, at some future time, with important trading partners, bilateral or multilateral agreements, whereby international exhaustion is introduced by the contracting parties. The restriction to Community-wide exhaustion, however, does not prevent national courts from extending this principle in cases of a special nature, in particular where even in the absence of a formal agreement, reciprocity is guaranteed.³⁰

The amended proposals became Article 13 (1) of the Regulation and Article 7(1) of the Directive.

Subsequently, a similar rule of Community-wide exhaustion was adopted in the Directive on rental right and on certain rights related to copyright in the field of intellectual property,³¹ but with a more stringent wording. Its Article 9 (1) obliges Member States to provide a distribution right for performers, phonogram producers, film producers and broadcasting organizations of the fixations of their creations. Its Article 9 (2) then provides that

‘this distribution right shall not be exhausted within the Community in respect of (such) an object ..., except where the first sale in the Community of that object is made by the rightholder or with his consent.’

Similar exhaustion rules have been enacted with respect to topographies of semiconductor products,³² computer programs³³ and plant variety rights,³⁴ and have been proposed for design rights.³⁵

Pursuant to the Agreement on the European Economic Area,³⁶ the term ‘Community’, used in the rules quoted above, must be read as ‘European Economic Area’. So, it would be more correct to use, henceforth, the expression ‘EEA-wide exhaustion’.

The EC Commission defends the view that, within the scope of their application, these provisions no longer allow Member States to provide that the first sale in a country outside the EEA results in the exhaustion of the exclusive right within their territory.³⁷ This has also been held by a majority of authors and by most of the case law in the Member States,³⁸ although many authors and judges have voiced their protest

30 COM (84) 470 final, quoted by Rasmussen, *op. cit.* (note 27), p. 176.

31 OJ of 27.11.1992 No. L 346/61.

32 Art. 5 (5) of the Directive on the legal protection of topographies of semiconductor products, OJ of 21.1.1987 OJ 24/36.

33 Art. 4 of the Directive on the legal protection of computer programs, OJ of 17.5.1991 No. L 122/42.

34 Art. 16 of the Regulation on Community plant variety rights, OJ of 1.9.1994 No. L 227/1.

35 Art. 15 of Commission proposal for a Directive on the legal protection of designs, OJ of 23.12.1993 No. C 345/2; Art. 24 of the Commission Proposal for a Regulation on Community design, OJ of 31.1.1994 No. C 29/20.

36 Art. 65 (2) of the Agreement, Art. 2 of Protocol 28 on Intellectual Property and Annex XVII on Intellectual Property.

37 See answers to written questions in the European Parliament, OJ of 5.12.1994 No. C 340/37; OJ of 18.10.1997 No. C 319/49.

against this development, in particular where the exercise of trademark rights was concerned.³⁹ In the meantime, the question whether Article 7 of the Trademark Directive confers a right to prevent imports of genuine products from a third country outside the EEA was referred both to the Court of Justice and to the EFTA Court.

The EFTA Court ruled that the Directive does not prevent EFTA States from introducing or maintaining the principle of international exhaustion of rights conferred by a trademark with regard to goods originating from outside the EEA. It based this ruling on the fact that the principle of exhaustion is in the interest of free trade and competition and thus in the interest of consumers, and that it is in line with the main function of the trademark, which is to allow the consumer to identify with certainty the origin of the products. The Court rejected, in so far as it concerns the EFTA States, the argument against international exhaustion based on the submission that the principle of free movement of goods must be the same in all Member States and that that principle must also apply to the EEA. The aim of the EEA Agreement is to create a fundamentally improved free trade area, but not a customs union with a uniform foreign trade policy as established by the EC Treaty. While in the Community a product is in free circulation once it has been lawfully placed on the market in a Member State, the principle of free movement of goods in the EEA applies only to goods originating in the EEA, and not to products manufactured in a third country and imported into an EFTA State. These latter products are not subject to the principle of free movement within the EEA. Additionally, requiring Article 7 (1) to be interpreted in the EEA context as obliging the EFTA Member States to apply the principle of Community-wide exhaustion would impose restraints on their third country trade relations.⁴⁰

The EFTA Court has obviously sought to leave room for the Court of Justice to adopt a different interpretation of Article 7 of the Directive as far as EC Member States are concerned. This has occurred half a year later, when the Court of Justice ruled that national rules providing for exhaustion of trade mark rights in respect of products put on the market outside the EEA by the proprietor or with his consent are contrary to Article 7 (1) of the Directive, as amended by the EEA Agreement.⁴¹

38 E.g. in Germany: BGH 14.12.1995 (*Dyed Jeans*), 28 IIC 131 (1997); in the Netherlands: Court of Appeal The Hague 1.6.1995 (*Pink Floyd*), IER 1995, 169; in Belgium: Court of Appeal Brussels 15.6.1994 (*Samsonite*), Ing.-Cons. 1994, 276; in Italy: Tribunal of Torino 11.7.1994 (*Samsonite*), GADI 1995 No. 3244 p. 489.

39 In Belgium, a series of judges have declared actions aimed at preventing parallel imports from outside the European Union inadmissible, because their objective had nothing to do with trademark protection (e.g. Vice-Pres. tribunal de commerce of Brussels 11.10.1996 (*Sebago and Dockside*), I.R.D.I. 1997, p. 116) or copyright protection (e.g. Trib. 1e inst. of Brussels 22.1.1997 (*Caterpillar*), I.R.D.I. 1997, p. 39).

40 Case E-2/97 *Mag Instrument v. California Trading Norway*, [1997] *Report of the EFTA Court*. 29 IIC 316 (1998).

41 Case C-355/96 *Silhouette International Schmied v. Hartlauer Handelsgesellschaft* (judgement of 16 July 1998), not yet reported. An analysis of this recent judgment by the author will appear in a forthcoming issue of *European Law Review*.

Worldwide Harmonization

Since the conclusion of the Paris Convention for the Protection of Industrial Property in 1883 and the Berne Convention for the Protection of Literary and Artistic Works in 1886, there has been a growing approximation of the national rules on intellectual property. Over the last twelve years, however, this process has taken on a compulsory character, culminating in the adoption of the GATT TRIPs in 1994. Countries who wish to benefit from membership of the WTO are obliged to introduce and maintain a high standard of protection of intellectual property.

While the TRIPs agreement was being negotiated, two authors published an article ending with the conclusion that if these negotiations were to result in an agreed set of universally applicable standards, there would be little reason to maintain an exhaustion régime on an exclusive territorial basis.⁴² This statement had an unhappy effect, viz. the introduction of Article 6, providing that:

'For the purposes of dispute settlement under this Agreement, ... nothing in this Agreement shall be used to address the issue of exhaustion of intellectual property rights.'

Thus, the pattern was set.

The subsequent WIPO Copyright Treaty 1996 provides, in its Article 6 (2), that:

'Nothing in this Treaty shall affect the freedom of Contracting partners to determine the conditions, if any, under which the exhaustion of the right in paragraph (1) applies after the first sale or other transfer of ownership of the original or a copy of the work with the authorization of the author.'

A same provision can be found in Article 12 (2) of the WIPO Performances and Phonograms Treaty 1996.

The EEC has stipulated that Turkey shall, for the implementation of the customs union between these two parties, secure a level of protection of intellectual property equivalent to that existing within the European Community.⁴³ But it is added that this does not imply exhaustion of intellectual, industrial and commercial property rights applied in the trade relations between the two parties.⁴⁴

42 Yusuf and Moncayo von Hase, *op. cit.* (note 1), p. 129.

43 Art. 31 of and Annex 8 to Decision No. 1/95 of the EC-Turkey Association Council, *OJ* of 13.2.1996 No. L 35/1.

44 Art. 10 (2) of Annex 8 to the Decision.

Pursuant to the Europe Agreements concluded by the European Union,⁴⁵ the other contracting parties must provide, by the end of the fifth year from their entry into force, a level of protection of intellectual property rights similar to that existing within the Community.⁴⁶ The issue of exhaustion is not addressed explicitly. But since the objective of these agreements is the gradual establishment of a free trade area, it can be expected that, if the question is referred to the Court of Justice, it will abide by its ruling in *Polydor*.⁴⁷

The Fundamental Importance of Free Trade

We live in a world in which free trade is considered a most important asset. On the national level, the German judgments quoted above most eloquently express this principle,⁴⁸ as does the EFTA Court on the international level.⁴⁹ The EC Court of Justice does the same as far as trade between Member States of the European Union is concerned. There is no fundamental difference between the objective of freedom of trade between those states, provided for by the EC Treaty, and that of liberalization of world trade, pursued by GATT. In both cases, it is considered essential to the effective operation of comparative advantage, to achieving efficiency gains, and to the promotion of common welfare.

Exceptions to this freedom, and the definition of their scope, require justification. Looking at intellectual property rights from an EU platform, the question is whether, why and to what extent derogations from the freedom of imports from third countries must go beyond those permitted for imports from other Member States. In answering this, account must be taken of the function of the exclusive right involved. This means a separate treatment of trademark rights on the one hand, and of patents, copyright and the like on the other hand.

It should be established at the outset that the answer to the question whether the national right is exhausted due to a lawful sale abroad must not depend on the contractual arrangements made in this respect by the owner of the right. I would therefore dismiss solutions based on the territorial scope of the licence, such as those adopted in English law⁵⁰ and in German copyright law.⁵¹ The rule of exhaustion serves to define the scope of the exclusive right and must therefore result from the applicable law itself.

45 Concluded with: Hungary, *OJ* of 31.12.1993 No. L 347/2; Poland, *OJ* 31.12.1993 No. L 348/2; Romania, *OJ* of 31.12.1994 No. 357/2; Bulgaria, *OJ* of 31.12.1994 No. L 358/2; Slovakia, *OJ* of 31.12.1994 No. L 359/2; and Czech Republic, *OJ* of 31.12.1994 No. L 360/2.

46 See, e.g. Art. 65 of the Agreement with Hungary.

47 See *supra* note 23 and accompanying text.

48 Notes 2 and 5.

49 See *supra* note 40 and accompanying text.

50 See *supra* note 13 and accompanying text.

51 See *supra* note 15 and accompanying text.

Trademarks

The move to an exhaustion of trademark rights limited to the first sale in the Community has met with protest, or regret, on the part of lawyers in Member States where the law so far has followed a rule of international exhaustion.⁵² Many of them have sought to defend the maintenance of that rule by arguing that Community-wide exhaustion, provided for by the Trademark directive, is no more than a minimum requirement.⁵³

While I harbour doubts with respect to this latter interpretation, I fully endorse the protests against this barrier to free trade in genuine goods which has little to do with trademark protection.

Allowing the importation of products marketed anywhere under a trademark by the proprietor of that mark or with his consent is not liable to impair the guarantee of origin which trademark law seeks to protect. In principle, there is no justification for derogations from free trade with third countries beyond those admitted under Article 36 of the EEC Treaty for trade between EC Member States.

World-wide there may be a greater risk of licensees manufacturing products of poor quality or with a different taste. Generally speaking, this is a risk which must be borne by the licensor. If he cannot prevent this from happening, it is up to him to substantiate, on a case by case basis, that there exist legitimate reasons to oppose further commercialization of the goods in another country. However, that possibility cannot justify a general rule conferring upon trademark owners control of the importation of goods lawfully marketed in a third country.

Patents, Copyright and Other Exploitation Rights

A similar storm in the learned world has not arisen against the introduction of exhaustion limited to a first sale in the Community of products covered by the other exclusive rights. The explanation for this is that, at least with respect to patents, national exhaustion still appears to be the rule, apart from the exceptions in favour of Community-wide exhaustion imposed by the EC Court of Justice. My view is that here too time has come to introduce a rule of world-wide exhaustion.

In support of the rule of national exhaustion of patent rights, reliance has repeatedly been placed on the territorial character of patent protection.⁵⁴ This territorial character implies that the definition of the scope of the protection is a matter of national

52 These are, at least: Germany, Benelux, Denmark, Austria and Sweden.

53 See, e.g., F.K. Beier, 'Industrial property and the free movement of goods in the internal European market', 21 *IIC* 131, p. 160 (1990).

54 See, *inter alia*, BGH 3.6.1976 (*Tylosin*), *GRUR* 1976, 579/582.

law. But it does not exclude that this law takes account of events which have occurred abroad.⁵⁵ This is well illustrated by the situation in trademark law.

From a historical point of view, there are two reasons for limiting the rule of exhaustion to products sold within the national borders by or with the consent of the owner of the national patent and for the resultant restriction on parallel imports. One reason has to do with a protectionist element inherent in granting exclusive rights for the exploitation of inventions. The purpose was to encourage inventors to work within the state for the promotion of the home industry. Allowing imports of products marketed abroad even by the same person would defeat that purpose. The other reason lies in the possibility that the patentee lacks equivalent protection in the country of first sale of the products, so that allowing their importation by third parties would emasculate his exclusivity.

Both reasons have lost their importance. Reliance on national protectionism must belong to the past: it cannot justify restrictions on the free trade aimed at within the WTO. And the obligation of introducing a uniform IPR régime – provided for by the GATT TRIPs and by the many other international treaties mentioned above – does away with most differences in protection. There would only remain the possibility that a person would not have applied for, or maintained, patent protection in certain countries where he markets his products. As long as he is not obliged to do so, a restriction of parallel imports from a country where the product has been marketed by him without patent protection, appears to me to be justified.⁵⁶

What has been said in the preceding paragraphs holds true, generally speaking, also for other exploitation rights recognized by national law. There is no justification for impediments to trade in legitimate products between countries with an equal protection of the intellectual property involved.

Discrimination of Community Industry?

The proposal of the European Parliament to renounce international exhaustion has been based on the contention that, in so far as third countries do not acknowledge that principle, its adoption in the Community would result in discrimination of the industry of the Community.⁵⁷ While accepting this proposal, the Commission announced that it must be empowered to conclude, at some future time with important trading partners, bilateral or multilateral agreements, whereby international exhaustion is introduced by the contracting parties.⁵⁸

55 BGH 27.2.1981 (*Schallplattenimport I*), *GRUR* 1981, 587.

56 This view is contrary to that expressed by the EC Court of Justice in *Merck I* and *Merck II* (see *supra* note 19). For my reasoning, I refer to W. Alexander, 'Intellectual Property and the Free Movement of Goods – 1996 Case Law of the European Court of Justice', 28 *JIC* 16, p. 25-27 (1998).

57 European Parliament, Doc. 1-611/83, quoted by Rasmussen, *op. cit.* (note 27), p. 175-176.

58 See *supra* note 30 and accompanying text.

The prospects for such treaties are minimal. The most important trading partner – the US – is strongly opposed to international exhaustion.

But what is discrimination of Community industry? International or Community-wide exhaustion works mainly to the detriment or to the benefit, respectively, of the same transnational enterprises who can establish, or control, production facilities in one or more countries of their choice. In countries which apply international exhaustion, they may have to face parallel imports; in those which apply national or regional exhaustion, they can ban them.

Market Protection and Monopolization

The truth about Community-wide exhaustion is that intellectual property is being used as an instrument for the isolation, by enterprises, of national or regional markets according to their varying lucrativeness. In judging – or in my view, condemning – that reality, a distinction can be made between imports from other advanced countries on the one hand, and imports from less developed countries and countries in transition to a market economy on the other.

In both cases, Community-wide exhaustion is intended to protect high price levels prevailing in the European Union against erosion. It is an objective which should not receive any sympathy.

I do not exclude the possibility that the protection of a higher price level in the importing country may be legitimate when prices in the exporting country have been kept artificially low, *e.g.*, through public price control. But again, this mere possibility cannot be an excuse for a general ban on parallel imports.

In the case of less developed countries and countries in transition to a market economy, the objective of market protection is added to the use of intellectual property as an instrument for the monopolization of new markets. The drive to compel all countries who wish to trade with the more developed ones to introduce a high level of intellectual property protection and enforce it effectively began in the USA; the European Union and Japan soon joined in. Provisions to that purpose have become standard in all bilateral and multilateral trade agreements. Contrary to the repeated contention that such protection is necessary for a proper functioning of free trade, it mainly serves the interests of the advanced industrial nations in obtaining control of new markets.⁵⁹

One may wonder whether the existence of an effective system for the protection of industrial property in developing countries and in countries in transition to market economies will really lead to the transfer of technology to an important number of independent licensees. Anyway, the rule of national or regional exhaustion enables their

⁵⁹ For a development of the reasoning underlying these statements, I refer to: W. Alexander, *De betrekkelijke waarde van de intellectuele eigendom* (Zwolle 1993).

licensors to severely reduce the export possibilities which those licensees may need for the profitability of their investment and for the further development of their business.

Conclusion

The exclusion of exhaustion of rights with respect to protected products marketed abroad – or in our case, outside the EEA – by the owner of an intellectual property right or with his consent creates a barrier to international trade. It goes against WTO principles and may violate Articles XI and XX (d) of GATT 1994. As a rule, it cannot be justified on grounds of protection of intellectual property, neither in respect of trademark rights nor in respect of patents, copyright or other monopoly rights.

The present situation is the result of effective lobbying on the part of industry. One cannot blame industries for serving their individual interests. But politicians and authorities should resist being yoked to their chariot to the detriment of the public interest. This requires a definition of the objectives pursued by the rightholders on the one hand, and of the public interests and responsibilities which this pursuit may jeopardize on the other, as well as a proper balancing of these reciprocal interests. I submit that the general objective of the rightholders is no more than to prevent imports of lower priced genuine goods put into circulation by themselves, by an associated company or by a licensee. It is negligible in comparison with the public interests involved, which include: the lowering of consumer prices and the achievement of a better allocation of resources and of an optimum efficiency of the economy; and the responsibility of the European Union of offering outlets to associated and less developed countries.

Copyright and Competition Law: Difficult Neighbours

Jan Corbet

1. The relationship between intellectual rights in general – copyright in particular – and competition law has always been a problematic one. Competition law looks on a monopoly *a priori* with suspicion; intellectual rights necessarily take the form of a monopoly.

Although with the advent of such things as computer software and data banks this has changed somewhat in recent times, copyright is essentially concerned with the art world, to which the economically-oriented philosophy of competition law is not adapted.

Conflicts between the two are rare, since the monopoly in itself does not as a rule place a copyright-holder in a position of power which he can abuse: works of art are not interchangeable and cannot thus compete with one another.

In Europe the only cases we have seen have been in the area of designs and models law, where there is admittedly cumulative copyright protection but also a clear-cut economic dimension¹, and in the area of performing rights societies, where large numbers of holders of copyrights and associated rights come together to exercise their rights, which can give rise to a dominant position.²

2. On 6 April 1995, however, the Court of Justice issued a judgment of fundamental importance in the celebrated *Magill* case.³

The facts are sufficiently well-known.

In its judgment the Court ruled on a number of interesting questions, such as the conflict between the EC Treaty and the Berne Convention and the power of the European Commission to impose compulsory licences under Regulation No. 17;⁴ for the purposes of this article, however, we are only concerned with the abuse of a dominant position.

It should be noted first that the Court, ignoring a long series of judgments not only in the area of copyright law but also on other intellectual rights, did not apply the test of the 'specific subject matter' or 'essential function' of copyright. Is not the right

1 CJ 5 October 1988, *Jur.* 6211 (*Volvo*); CJ 5 October 1988, *Jur.* 6039 (*Renault*).

2 CJ 27 March 1974, *Jur.* 313 (*Sabam*); CJ 2 March 1983, *Jur.* 483 (GVL); CJ 13 July 1989, *Jur.* 2565 (*Tournier*).

3 *Jur.* 808.

4 *OJ* No. 204/1962.

to refuse a licence, the issue in the *Magill* case, an essential feature of an exclusive right? The Court merely said that any abuse a company makes of its dominant position cannot escape the test under Article 86 of the Treaty simply because this conduct is supposed to result from the exercise of a right regarded as a copyright.⁵ Refusing a licence is not in itself abuse,⁶ but it could become abuse 'in exceptional circumstances'.⁷

The Court then goes in search of such 'exceptional circumstances' and finds three. The three circumstances could, it is true, be criticized,⁸ but it can be said that the Court is merely continuing in the tradition of the *Volvo* and *Renault* judgments,⁹ which start by laying down the principle that imposing an obligation on the holder of a design right to grant a licence to third parties, even for reasonable remuneration, would amount to depriving the holder of the substance of his exclusive right. Then, however, the Court points to certain actions that, taken in conjunction with the refusal, would constitute abuse of power.

The Court is now trying to encapsulate these actions in a general formula, 'exceptional circumstances'.

3. Aside from the criticism, already mentioned, of what the Court regarded as 'exceptional circumstances', the reaction to the judgment in legal circles has not been unfavourable.

It is generally pointed out that this was a special case, a very poor example to which to apply competition law. The copyright for which the licence was refused was, indeed, an impersonal writing, a text without any originality whatsoever, which would not be protected anywhere outside the United Kingdom, Ireland and the Netherlands.

The Court was clearly embarrassed by this, since its established case law was that deciding what is protected by an intellectual right should remain the prerogative of the Member States as long as the matter has not been harmonized within the Community.

The Court avoided this difficulty by not ruling on the validity of the right but identifying abuse in the existence of 'exceptional circumstances'.

Most commentators deduce from this that the principles laid down in the judgment will not often be applied, especially in the area of traditional copyright; they envisage it being used mainly in cases of copyright on software or interface specifications.¹⁰

5 Paragraph 48.

6 Paragraph 49.

7 Paragraph 50.

8 Cf. H. Calvet and T. Desurmont, 'L'arrêt Magill: une décision d'espèce?', *RIDA* 167, pp. 3-67. O. Regnier, 'Droits de propriété intellectuelle et concurrence dans l'affaire Magill: vrai malaise ou faux conflit?', *A&M* 1996 (1), pp. 29-35.

9 See note 1.

10 In addition to the articles mentioned in note 8, see T. Vinje, 'The Final Word on Magill: The Judgment of the ECJ', *EIPR* 1995 (6), pp. 297-303; F. De Visscher and B. Michaux, 'Observations sous CJCE 6 avril 1995', *J.T.* 1996, pp. 776-779.

4. Perhaps these commentators have been over-optimistic, however: a case recently came up in Belgium that has given rise to rulings by the Competition Commission¹¹ and the Brussels Court of Appeal¹², based on the Magill judgment, although it was about traditional works of literature, music and art.

The facts were as follows. Cable distribution of television channels in Belgium was permitted by a contract dated 26 February 1993 between the association of authors SABAM, the association of film producers AGICOA and the various broadcasting organizations involved on the one hand, and the cable operators' trade association, RTD, on the other.

In exchange for a certain fee the operators were permitted to distribute 16 channels chosen from a list of 22.

Two operators, however, Intermosane and Interest, operating in the small German-speaking area in the east of the country, wished to distribute the SAT1 channel, which was not on the list.

SABAM and AGICOA were willing to permit the distribution of this channel and proposed two alternatives: either Intermosane and Interest could pay an average fee per channel, but with a minimum number of subscribers far in excess of the number they had, or they could pay the fee not subject to the minimum, provided the contract of 26 February 1993 was amended so that a minimum of 16 channels would be distributed.

The operators rejected these proposals and turned to the Competition Commission.

Strangely, they directed their complaint only at SABAM and AGICOA, not at the broadcasting organization concerned, SAT1, which had never expressly consented to having its channel distributed.

5. The Competition Commission gave two decisions in the case.

In the first one, on 27 March 1995, it decided that the actions of SABAM and AGICOA probably contravened the Competition Act of 5 August 1991, and recommended, as a provisional measure, that SABAM and AGICOA put forward fresh proposals.

In its decision of 4 September 1995 it considered what was the 'essential function' of copyright and ruled that SABAM and AGICOA were going beyond this function if they imposed terms inconsistent with equitable remuneration.

It did not, however, consider the question of the 'exceptional circumstances' which need to exist according to the Magill judgment if abuse of power is to be established. As a provisional measure, finally, it advised SABAM and AGICOA to permit the SAT1 channel to be distributed under the same terms as the other channels.

The Brussels Court of Appeal, which has the power to hear appeals against decisions of the Competition Commission, issued its judgment in the case on 4 September 1996.

11 *A&M* 1996 (1), pp. 42-49.

12 *A&M* 1996 (4), pp. 420-426, note by Corbet.

Unlike the Commission, the Court did not go into the 'essential function' of copyright, merely stating that although the author is free, in principle, to grant or refuse a licence, this right could be abused and come into conflict with competition law, which belongs to economic public order.

The Court then ruled, referring to the Court of Justice's Volvo and Magill judgments, that the exercise of the exclusive right could give rise to abuse in 'exceptional circumstances'. But it made no attempt to indicate what these 'exceptional circumstances' might be.

6. Objections can be raised against these rulings.

The Commission took the view that SABAM and AGICOA's licensing proposals included terms inconsistent with equitable remuneration.

The first proposal was the minimum fee.

Minimum copyright fees are very common in practice, e.g., in the case of concerts, stage performances and even (commercial) broadcasting. It is not unusual for an author to demand a minimum fee for whatever use is made of his work, irrespective of the licensee's success or otherwise.

Furthermore, the management of copyright (especially the distribution of fees among the holders) for a particular exploitation entails overheads which must remain proportionate to the proceeds so as to ensure equitable remuneration for the holders. This is not the case where a full-scale television channel such as SAT1 is distributed to just a few thousand subscribers and the fee is to be the same as that paid for distributing a channel to hundreds of thousands of subscribers.

The second proposal was to amend the general contract. It should be noted here that SAT1, although not a party to the action, apparently continued negotiating and eventually permitted the operators to distribute it under the general contract, provided it received the same fee as the other German channels (ARD, WDR, ZDF).

This was impossible without amending the contract. It is difficult to see why, under the circumstances, SABAM and AGICOA could not put the entire contract on the table again.

The worst aspect, however, is that the Magill judgment was applied without respecting the conditions laid down in it and without realizing that the circumstances in that case were fundamentally different.

The Magill judgment requires there to be 'exceptional circumstances' before the exercise of copyright in refusing a licence can give rise to abuse of a dominant position. The Court of Justice identified three 'exceptional circumstances' in that case. Aside from the criticism in legal circles of the three circumstances it identified, it has to be acknowledged that the Court did at least look for some.

The Brussels Court of Appeal did not: it simply assumed that they existed.

Another point is that the Magill case was about competitors wishing to market competing products and a simple refusal to grant a licence. The information was indispensable if there was to be any competition.

Neither the Competition Commission nor the Brussels Court of Appeal noticed the fundamental differences between the two cases.

To start with, SABAM and AGICOA on the one hand, and Interrosane and Interest on the other, were not competitors. The cable operators are users; SABAM and AGICOA are performing rights societies whose only goal is to achieve equitable remuneration for the use of their members and mandators' works.

Nor was it the case that a licence had been refused: the negotiations were still in progress. Instead of continuing to negotiate, the cable operators turned direct to the Competition Commission, thus bypassing, in fact, an arbitration procedure provided for in the Copyright Act (Section 54).¹³

Lastly, it was not a question of information indispensable to exploitation but of traditional works of literature, music and art which the operators could lawfully supply to their subscribers, provided they were also broadcast on other television channels whose distribution was permitted under the general contract. The Competition Commission also noted that there was a specific public demand for the SAT1 channel (here again we are struck by the reference to the *Magill* case).

But SABAM and AGICOA are not in a position to decide on the distribution of SAT1; this is a matter solely for SAT1 – which was not a party to the case! SABAM and AGICOA can only decide about the works that are broadcast on the SAT1 channel. The Commission failed to grasp this distinction.

7. Notwithstanding the reassuring noises from legal circles following the *Magill* judgment, it gave the Competition Commission, followed by the Brussels Court of Appeal, a weapon with which to intervene pro-actively in negotiations on a copyright licence, set aside the author's exclusive right and impose a compulsory licence.

This is all the more objectionable as in this area (the licensing of cable distribution) the European law-makers, in the Directive of 27 September 1993 (Article 8), expressly ruled out compulsory licences, permitting only individual or collective contractual arrangements.¹⁴

The Commission seems to have been blinded by the 'dominant position' of the performing rights societies, which do indeed have a monopoly in their respective areas. But this is to ignore the fact that the parties contracting with the performing rights societies had the same monopoly and thus also occupied a dominant position.

It was precisely to achieve a more balanced negotiating position in such situations that the authors set up their performing rights societies. The Court of Justice realized this in its judgment of 27 March 1974.¹⁵

Copyright does not cease to be an exclusive right by being brought under joint management. Like all intellectual rights it is a right that is more vulnerable and more difficult to uphold than normal property rights. The holder of an intellectual right

¹³ Implementing Article 11 of the EC Council Directive of 27 September 1993, *OJ* No. L 248/1993.

¹⁴ *Ibid.*

¹⁵ See note 2.

JAN CORBET

cannot physically prevent the use of his creation, he can only obtain compensation from the courts *a posteriori*, after lengthy and expensive litigation.

The courts should therefore think twice before undermining copyright even further by strictly applying competition law.

The Concept of Possession and Intellectual Property in French Law

André Françon

As we all know, endless discussions are taking place about whether intellectual property is a true form of property. Those who say it is not conclude in particular that possession has no place in the law of intellectual property, since it presupposes a material object.

It is the intention here to demonstrate the accuracy of this contention in French law, looking first at copyright and then at patent law.

Copyright Law

In copyright law, the exclusion of the theory of possession is associated with the distinction between a work and the physical medium containing it. This distinction is affirmed right from the start of the Code of Intellectual Property, which lays down in Article L. 111-3 that 'immaterial property as defined in Article L. 111-1 (dealing with literary and artistic property) is independent of the ownership of the material object'. It follows from this distinction, as far as the theory of possession is concerned, that the holder of the title to the work cannot invoke it, whereas the owner of the physical medium can do so.

The question, however, is whether the principle laid down by Article L. 111-3 of the CIP is absolute or whether there can be exceptions. If exceptions are permitted, the theory of possession could be applied to the copyright-holder's rights to the work.

We shall see that the texts do contain an exception to the rule (A) and that some courts seem to have tried, inappropriately, to add a second (B).

A. Article L. 113-3 paragraph 2 of the CIP seems to admit two exceptions to the above-mentioned rule laid down in paragraph 1. These relate to paragraphs 2 and 3 of Article L. 123-4. The exceptions concern the status of posthumous works, but the reference the text makes to paragraph 2 of Article L. 123-4 is not, in fact, relevant. As Professors Lucas and Lucas write, 'the reference to Article L. 123-4 paragraph 2 results from an oversight, since this text confines itself to assigning to post-mortem holders

of inherited copyright a special monopoly of exploitation over the works in question without even mentioning the ownership of the physical medium'.¹

We are left with the reference to paragraph 3 of Article L. 123–4, according to which, if publication takes place after the post-mortem period of copyright has expired, the right to exploit posthumous works 'belongs to the owners, by succession or otherwise, of the work, who publish the work or have it published'.

As has been rightly pointed out² the use of the word 'work' in this provision is not very felicitous. In fact what is meant is the physical medium containing it, i.e., the original, e.g., the manuscript. The text means that in this case 'ownership of the material object includes that of the intangible element'.³ In other words, the person who owns the original has the right to exploit the work,⁴ and to defend his ownership rights he can have recourse to the theory of possession. If there are only copies of the unpublished work extant, the dispute between their respective possessors is settled by applying the maxim '*qui prior est tempore potior est jure*'.

B. The hypothesis Article L. 123–124 provides for is very specific, and the question is whether under copyright law there are other cases where the theory of possession could apply. A recent judgment apparently went down this path, but it now seems to have been abandoned.

The pertinent cases deal with the combating of illegal copying under copyright law. The victims of such actions are often juristic persons, which cannot normally pursue the illegal copiers unless they hold the rights to the work. This will be the case if the juristic person has been assigned the said rights, but otherwise it cannot act unless it is the first holder of the monopoly, a situation which only occurs in the case of collective works.⁵ It is difficult to prove the existence of a collective work, however. To prevent this problem from allowing illegal copiers to escape legal sanction, the Cour de Cassation has ruled in a series of decisions that 'in the absence of any claim on the part of the natural person or persons having produced the work, acts of possession by the juristic person exploiting it under its name give rise to the presumption, as regards third-party illegal copiers, that this person is the holder of the intangible copyright to the work, whatever its nature'.⁶

No doubt this judgment is based on laudable intentions, but it is not safe from juridical criticism.⁷ In particular, there are reservations as to the way it uses the concept of possession. Firstly, the scenario envisaged by the judges here is not one of those in which, according to Article L. 111–3 paragraph 2 of the CIP, ownership of the physical medium containing the work entails copyright to the work. Secondly, the acts of

1 *Traité de la propriété littéraire et artistique*, No. 226, p. 209.

2 See F. Pollaud-Dulian, *Jurisque de propriété littéraire et artistique*, Fasc. 337, No. 122.

3 See P.Y. Gautier, *Propriété littéraire et artistique*, 2nd edition, p. 284.

4 See 1st Civ., 6 November 1993, *RIDA* No. 159, January 1994, p. 321.

5 See Article L. 113–115. For software created by an employee see also Articles 113–119.

6 See 1st Civ., 28 March 1995, *RIDA* July 1995, p. 327.

7 On this point see my note to Dalloz 1997, J. p. 328.

possession referred to by the Cour de Cassation relate to copies of the work and not the original. When Article L. 111-3 paragraph 1 refers to the physical object, however, it means the original of the work and not copies of it which are in the form of reproductions. Obviously, the fact that a person possesses one or more copies of a work could not be grounds for recognizing this person as the holder of the copyright to the work.

We also note that, while the courts may still be trying to make it easier for juristic persons to take action against illegal copiers, they seem to have stopped using the concept of possession in support of their judgment, since the last judgment on the subject handed down by the Cour de Cassation does not refer to it once.⁸

As we can see, ultimately the concept of possession plays only a very minor role in copyright. Now let us see whether the situation is the same with patents.

Patent Law

In patent law, as in copyright law, the exclusion of the theory of possession is undoubtedly associated with the idea that possession can only apply to material goods. But here there is a special aspect since, unlike in the case of copyright, the protection is subject to formalities, viz. the inventor cannot in principle benefit from protection unless he applies for a patent. Conversely, there is rarely protection for someone who does not complete this formality. Logically, an inventor who behaves in this way should not be able to invoke the theory of possession.

Article L. 613-7 of the CIP,⁹ however, which was amended by Article 4 of the Act of 18 December 1996, lays down that 'any person who in good faith on the date of deposit or priority date of a patent was in the territorial area to which the present book applies and who is *in possession of the invention* which is the subject of the patent shall have the personal right to exploit the invention notwithstanding the existence of the patent.' 'The right granted by the present Article cannot be transferred other than with the business of the company or the part of the company to which it is attached.'

The text sanctions what is customarily called the 'right of anterior personal possession'.

My colleagues Chavanne and Burst¹⁰ present the situation this provision is designed to deal with as follows. 'A person invents something. He does not deposit a patent application. Later on another person invents the same thing and protects it with a patent. If the first inventor has exploited his invention, if he has published it, the patent obtained by the second is null. If, on the other hand, he has kept it secret, the patent issued is valid.'

⁸ See 1st Civ., 3 July 1996, *Dalloz* 1997, p. 328.

⁹ Ex Article 31 of the Act of 2 January 1968.

¹⁰ In their *Précis Dalloz de propriété industrielle*, 4th edition, No. 427, p. 250.

'In such a case, although valid, the patent granted to the second inventor cannot be used as an argument against the first since he had anterior possession of the invention.'

Does this provision really sanction the concept of possession in patent law? Several doubts may be expressed.

Firstly, the consequences of the theory of anterior personal possession are limited. According to Foyer and Vivant, 'the effect of anterior personal possession is to cripple the action in respect of illegal copying that could be taken by the patentee or his beneficiary'.¹¹ Similarly, for Mousseron the sole effect of the theory is to 'purely and simply deprive the suspect act of exploitation of the legal element required to qualify it as an act of illegal copying'.¹²

On the other hand, we notice a certain suspense on the part of commentators when it comes to describing what is meant by 'possession of an invention'. Thus Foyer and Vivant write:¹³ 'Being an intellectual good', such possession 'cannot be less than knowledge, intellectual control. Some writers, in the front rank of whom is Roubier, consider that exploitation of the invention needs to have begun, if only to justify the privilege granted to the person who has opted for secrecy.' The last-mentioned writers in fact analyze the criteria possession needs to satisfy to benefit from protection under Article L. 613–617 of the CIP, noting in particular¹⁴ that such possession 'must be secret – if it were not, there would be no problem, since there would be nothing to patent'. But this feature separates the régime of anterior personal possession from the one laid down by the Civil Code on possession, since, under Article 2229 of the Code, 'for an object to be acquired by prescription, continuous possession is required, uninterrupted, peaceful, public, unequivocal and as the owner.' Taking secret possession into account, as in Article L. 613-7 of the CIP, proves that this is merely a semblance of possession.

In conclusion, even if the opposite would seem to be true on cursory inspection, ultimately the theory of possession scarcely seems to penetrate the concept of intellectual property in French law. Where it does come in, it is expressed in a very specific text or in a form that somewhat perverts the concept of possession.

Copyright provides us with an example of the former. The theory of possession has no real place except in the very special case of posthumous works, where the assignment of copyright (many in fact consider that this is more of an associated right) is – exceptionally – associated with that of ownership of the physical medium containing the work, which latter, of course, can be defended by having recourse to the protection of possession.

11 *Le droit des brevets*, p. 320.

12 *Traité des brevets*, Vol. I, p. 25.

13 *Op. cit.*, p. 319.

14 *Loc. cit.*

THE CONCEPT OF POSSESSION AND INTELLECTUAL PROPERTY IN FRENCH LAW

As far as the emergence of a somewhat perverted form of possession is concerned, we can find an illustration in patent law in the theory of anterior personal possession, where the term 'possession' refers less to control over a good than a favour done, for the sake of fairness, to the first inventor in relation to the first patent applicant.

International Intellectual Property, Conflicts of Laws, and Internet Remedies

Paul Edward Geller

Introduction

Intellectual property and conflicts of laws are notorious for their theoretical complexities. When just starting to write in these fields, I found myself tangled up in their combined difficulties. Seeing me at this impasse, Herman Cohen Jehoram pointed out to me that commentators ultimately write for practitioners. His own work productively takes account of this insight, always bridging theory and practice. His advice was a gift of true friendship, and a liberating one at that.

There are strategic points at which legal theories are put to the test of practice. Some of these are the points in law suits at which courts are asked to grant remedies, such as provisional injunctions and money damages. I shall here argue that, in intellectual property, cross-border acts may best be localized, for purposes of resolving conflicts of laws, by considering consequences for judicial remedies. I shall test this method by applying it to the hard case of infringement in global networks.

The Territorial Framework

The Nation-state arose as geographers were mapping the world in coordinates of latitude and longitude.¹ National law was then asserted as sovereign within territorial borders traced out in this geographical space. In the 19th century, von Savigny conceived of each set of legal relations as having its focal point in one such territory.² For example, rights of real property could be seen as assuring the power of the owner of land to control certain behaviours, such as trespass, of any and all legal subjects

1 See Paul Alliés, *L'invention du territoire*, Grenoble, Presses Univ. de Grenoble, 1980, pt. 2; Nicholas K. Bromley, *Law, Space, and the Geographies of Power*, New York, Guilford Press, 1994, ch. 3.

2 See Friedrich Carl von Savigny, *A Treatise on the Conflict of Laws*, Wm. Guthrie (trans.), Edinburgh, T.&T. Clarke, 2nd ed., 1880, pp. 132–142 (§§ 360–361).

relative to that land. Such property claims, von Savigny concluded, were subject to the law in effect at the situs of the land.³

Von Savigny sought a method of choosing the same laws to govern the same legal claims, no matter where the suit was brought or who brought it.⁴ His method may be encapsulated in the following three steps: First, determine the appropriate focal point, sometimes called a connecting factor or point of attachment, for each category of legal claim.⁵ Second, to know what points are appropriate in a given case, characterize each claim asserted in the case in terms of legal categories. Third, localize the corresponding point of attachment in a given state whose law then applies to the claim at issue. For von Savigny, there could be no interplay between characterization and localization for a simple reason. He posited that legal relations developed inside, but without impacting on, fixed space.⁶

For broad-ranging torts like defamation or the infringement of intellectual property, the analysis is less simple. Nonetheless, the classic premise that space is a fixed framework for conflicts analysis has not been questioned in the field of intellectual property. The Berne and Paris Conventions, and later treaties, impose the principle of national treatment and the principle of the independence of rights.⁷ That is, foreign treaty claimants enjoy the same rights and remedies as nationals of a treaty country, the so-called protecting country, and the rights in one state do not depend on those in others. This approach corresponds to the classic conflicts rule in the field of torts: the law of the place of infringing acts governs resulting claims.⁸

The Ambiguity of Territoriality

It is in this sense that laws of intellectual property are territorial. The category at the heart of the classic rule, the place of infringing acts, is territorial. In the nineteenth century, the meaning of this category seemed self-evident to courts considering infringement claims at home. They easily localized places where copyright works were

3 See *id.* pp. 174–181 (§ 366).

4 See *id.* p. 70 (§ 348).

5 See *id.* pp. 221–233 *passim* (§§ 372–373).

6 See *id.* pp. 56–57 (§ 345).

7 Paris Convention for the Protection of Industrial Property, 20 March 1883, as last revised at Stockholm, 14 July 1967 [hereinafter Paris Convention], Art. 2(1), reprinted in: K. Zweigert and J. Köpholler (eds.), *Sources of International Uniform Law*, Leiden, Sijthoff, 1973, vol. 3, p. 129; Berne Convention for the Protection of Literary and Artistic Works, 9 Sept. 1886, as last revised at Paris, 24 July 1971 [hereinafter Berne Convention], Art. 5(1), *id.* p. 21. See also Agreement on Trade-Related Aspects of Intellectual Property Rights, including Trade in Counterfeit Goods, 15 April 1994, GATT Doc. MTN/FA II-AIC [hereinafter TRIPs Agreement], Art. 3, reprinted in: 25 *HC* 209 (1994) (requiring ‘treatment no less favourable’ than nationals receive).

8 See Eugen Ulmer, *Intellectual Property Rights and the Conflict of Laws*, English trans., Deventer, Kluwer, 1978, pp. 11–14. Cf. André Lucas and Henri-Jacques Lucas, *La propriété littéraire & artistique*, Paris, Litcc, 1994, p. 891 (agreeing with this view, but with caveats).

put on stage or published, where trademarked goods were sold, and where patented inventions were used or made. Such acts took place where live performances, hard copies or products, or factories were found, on one side or the other of clear-cut borders, inside a patchwork of national markets.⁹

Unfortunately, the key category here, the place of infringing acts, can be doubly ambiguous. To start, before knowing what place that is, a court must localize the acts in question, but authorities differ about what law or laws provide terms in which to characterize infringing acts.¹⁰ In addition, the place of such acts can be extended backwards to that of preliminary acts, like organizing the infringement, or forwards to the place of damages. At the end of the twentieth century, the meaning of this place, once obvious in geographical space, is becoming impossible to pin down in cyberspace. The points where acts of infringement begin and end become imperceptible as transactions cross multiple borders at once in global, interactive networks.¹¹

This ambiguity arises out of the increasing efficacy of the media and technology. Legal relations develop within spaces in which subjects communicate with each other, and control objects at a distance, with increasing speed and power.¹² To the extent that legal claims bear on communication and control itself, as they will in fields such as defamation and intellectual property, a principle of indeterminacy comes into play. Depending on what laws govern claimants' rights in such fields, their respective positions of power will change in what might be called social space, that is, in the relevant communication and control networks. Thus characterization and localization are not independent of each other, nor of any eventual choice of law, but rather tied together to the extent they impact on the values at stake in the overall resolution of any conflict of laws. In these threshold enquiries to determine the places of infringing

9 Cf. Alois Troller, *Das internationale Privat- und Zivilprozessrecht im gewerblichen Rechtsschutz und Urheberrecht*, Basel, Verlag für Recht u. Gesellschaft, 1952, pp. 45–47 (noting that rights of intellectual property, protecting potentially ubiquitous subject matters, are territorial to the extent that remedies can only be enforced at specific points in geographical space).

10 Compare Yvon Loussouarn and Pierre Bourel, *Droit international privé*, Paris, Dalloz, 3d ed., 1988, pp. 289–290 (favouring *lex fori*), and Martin Wolff, *Private International Law*, London, Oxford Univ. Press, 2d ed., 1950, pp. 153–166 (favouring *lex causae*), with Ernst Rabel, *The Conflict of Laws: A Comparative Study*, Ann Arbor, Univ. of Michigan Press, 2d ed., 1958, vol. 1, pp. 47–56 (criticizing both approaches as methodologically unsound and proposing to characterize facts in terms common to forum law and to all arguably applicable foreign laws in any given case).

11 See Paul Edward Geller, 'Conflicts of Law in Cyberspace: International Copyright in a Digitally Networked World' [hereinafter Geller, 'Conflicts in Cyberspace'], in: P.B. Hugenholtz (ed.), *The Future of Copyright in a Digital Environment* [hereinafter *The Future of Copyright*], The Hague, Kluwer, 1996, p. 27, also in revised forms in: 20 *Columbia-VLA J. of Law & Arts* 571 (1996), 44 *J. Copyright Society USA* 103 (1996), 31 *UNESCO Copyright bull.* (No. 1) 3 (1997); Richard G. Fentiman, 'Conflicts of Law in Cyberspace', paper given at the Symposium held by the International Federation of Computer Law Associations, Brussels, 27–28 June 1996.

12 See generally Harold A. Innis, *Empire and Communications*, Oxford, Oxford Univ. Press, 1950, re-edited by David Godfrey, Victoria, Press Porcépic, 1986 (seminal study correlating media and technology history with social and legal development).

acts, the policies and principles underlying conflicts analysis, ultimately considerations of *ordre public*, already come into play.¹³

Thus, by their decisions, courts can restructure the social space within which infringing acts are to be localized. In particular, in localizing the place of the infringing act one way or the other, a court might apply the law of one country or another throughout the global network. If the law of one country provides too little protection, or another too much protection, applying one or the other law can result in pirate havens or choke points for data flow in the network. For example, what law should govern transmitting raw data from a European database via the Internet to the United States or China? Suppose, on the one hand, that a court localizes the relevant acts in the United States or China, where data is received but not strongly protected: then, to European eyes, pirates may find havens in these countries, from which data might be more or less freely retransmitted.¹⁴ Suppose, on the other hand, that a court localizes inside Europe all unauthorized transmissions of raw data from Europe: then a European law granting property rights in the data¹⁵ might apply to the transmissions, even to the United States or China. That choice of law might well choke off data flow to or at points within the Internet that policies in these countries still leave open.¹⁶

Typically, while reasoning in terms of fixed territorial categories, courts vacillate considerably in localizing infringing acts and choosing applicable laws. Courts in the United States once applied domestic copyright law to copies made at home but exploited abroad, but they now try to avoid extending that law to foreign acts.¹⁷ These

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- 13 See Brainerd Currie, 'Notes on Methods and Objectives in the Conflict of Laws', in: *Selected Essays on the Conflict of Laws*, Durham, N.C., Duke Univ. Press, 1963, p. 177. See generally Albert A. Ehrenzweig, 'Characterization in the Conflict of Laws: An Unwelcome Addition to American Doctrine', in: K.H. Nadelmann, A.T. Von Mehren, and J.N. Hazard (eds.), *XXth Century Comparative and Conflicts Law: Legal Essays in Honor of Hessel E. Yntema*, Leyden, Sijthoff, 1961, p. 395 (critiquing characterization insofar as it is used to avoid untoward results of categorical choice-of-law rules without admitting policy reasons for seeking different results). *But cf.* Jean-Sylvestre Bergé, *La protection internationale et communautaire du droit d'auteur: Essai d'une analyse conflictuelle*, Paris, L.G.D.J., 1996, pp. 206–226 (attempting to distinguish characterization and the resolution of conflicts of laws in copyright cases).
- 14 *Compare National Basketball Assoc. v. Motorola, Inc.*, 105 F.3d 841, 848–853 (2d Cir. 1997) (opining that raw data may be protected against misappropriation as hot news under U.S. law), with *Guangxi Broadcasting and T.V. Newspaper v. Guangxi Coal Worker's Newspaper*, Intermediate People's Court, Liuzhou Prefecture, China Law Rep., 1996, p. 843, noted in: Guo Shoukang, 'China', § 2[1][b], in: P.E. Geller and M.B. Nimmer (eds.), *International Copyright Law and Practice* [hereinafter *International Copyright Law and Practice*], New York, Matthew Bender, 1997, vol. 1, CHI–16 (allowing the reprinting of television programme data for the same and next day).
- 15 Council Directive 96/9/EC of 11 March 1996 on the legal protection of databases, Arts. 7–11, *OJ EC L 077*, 27 March 1996, reprinted in: *27 HC 821* (1996).
- 16 See generally J.H. Reichman and Pamela Samuelson, 'Intellectual Property Rights in Data?', 50 *Vanderbilt L. Rev.* 51 (1997) (critiquing EC directive along with other initiatives and presenting policy arguments against granting property rights in raw data).
- 17 *Compare Sheldon v. Metro-Goldwyn Pictures Corp.*, 106 F.2d 45, 52 (2d Cir. 1939) (holding that copying an infringing film in U.S. formed the basis for damages under U.S. copyright law for overseas exploitation), with *Subafilms, Ltd. v. MGM-Pathe Communications Co.*, 24 F.3d 1088, 1094–98 (9th Cir. 1994), *cert. den.*, 115 S. Ct. 512 (1994) (invoking the 'international regime' to justify treating preliminary U.S. acts as not infringing U.S. copyright where exploitation occurs abroad). See generally

same courts continue to apply domestic trademark law more or less aggressively to cross-border transactions including foreign acts, speaking of its 'extraterritorial' application.¹⁸ European courts had held that cross-border broadcasts infringed copyright or neighbouring rights in countries where the broadcasts were received.¹⁹ A Community directive now compels localization of satellite-relayed broadcasts in countries where transmission is initiated.²⁰

Resolving the Ambiguity

National courts are effectively pushed and pulled in different directions if they follow purely domestic interpretations of the place of infringing acts. Courts, however, must interpret key legal terms consistently with nationally applicable treaties, which provide a comprehensive framework of conflicts analysis in the field of intellectual property.²¹ The TRIPS Agreement has most recently restated treaty goals for intellectual property:

Paul Edward Geller, 'International Copyright: An Introduction', § 3[1][b], in: *International Copyright Law and Practice*, supra note 14, vol. 1, INT-44 to INT-54 (outlining a framework of analysis for copyright law on point).

- 18 See, e.g., *Babbit Electronics, Inc. v. Dynascan Corp.*, 828 F. Supp. 944, 958–959 (S.D. Fla. 1993), *affirmed*, 38 F.3d 1161, 1166–1172, 1182–1183 (11th Cir. 1994) (awarding treble damages, under U.S. law, for marketing with infringing trademarks in specific Latin American countries). *But cf. Aerogroup International, Inc. v. Marlboro Footworks, Ltd.*, 955 F. Supp. 220, 229–232 (S.D.N.Y. 1997) (applying US trademark law to one Canadian defendant but not another and refusing to apply a US design patent to either). See generally Curtis A. Bradley, *Territorial Intellectual Property Rights in an Age of Globalism*, 37 *Virginia J. of International Law* 505 (1997) (reviewing and critiquing application of US trademark law to foreign transactions).
- 19 See, e.g., *Radio Monte Carlo c. SNEP*, Cour d'appel, 1e ch., Paris, Decision of 19 Dec. 1989, *RIDA* 1990, No. 144, p. 215 (localizing in France broadcasts from Monte Carlo since they were received in France); the *Directsatellitensendung* case, Oberlandesgericht Vienna, Decision of 30 Nov. 1989, *GRUR Int.* 1990, p. 537 (localizing broadcast via satellite in Austria, the receiving country, to discourage transmission from states with inadequate protection), *affirmed*, Oberster Gerichtshof (Supreme Court, Austria), Decision of 16 June 1992, *GRUR Int.* 1992, p. 933, English trans. in: 24 *IIC* 665 (1993); Landesgericht Stuttgart, Decision of 21 April 1994, *GRUR Int.* 1995, p. 412 (localizing in Germany a Swiss broadcast relayed by satellite into Germany). See generally Roberto Mastroianni, *Diritto internazionale e diritto d'autore*, Milan, Giuffrè Editore, 1997, pp. 413–425 (suggesting that the rule applying the laws of receiving countries remains generally valid in cases of satellite-relayed broadcasts, as well as in cases of on-line dissemination).
- 20 EC Council Directive 93/83 of 27 September 1993 on the coordination of certain rules concerning copyright and rights related to copyright applicable to satellite broadcasting and cable retransmission, art. 1.2, *OJ EC L* 248/15, 6 Oct. 1993, reprinted in: 25 *IIC* 887 (1994). *But cf. id.*, Recital 17 ('in arriving at the amount of the payment to be made for the rights' to broadcast a work by satellite, one 'should take account of ... the actual audience, the potential audience, and the language version').
- 21 See, e.g., *Rickless v. United Artists Corp.*, Court of Appeal, Decision of 10 Dec. 1986, [1987] *Fleet Street Rep.* 362, 371 (interpreting U.K. Performers Protection Act 1963 to give effect to Rome obligations). See generally Ian Brownlie, *Principles of Public International Law*, Oxford, Clarendon Press, 4th ed., 1990, p. 36 ('there is a general duty to bring internal law into conformity with obligations under international law'); Wilhelm Nordemann, Kai Vinck, and Paul Hertin, *Internationales Urheberrecht und Leistungsschutzrecht: Kommentar*, Düsseldorf, Werner-Verlag, 1977, p. 16 (arguing that statutes must be interpreted consistently with treaties).

providing 'adequate standards' and 'effective and appropriate means for ...enforcement' worldwide, while 'taking into account differences in national legal systems'.²²

These goals would ideally derive from a theory of how, optimally, to order the international regime of intellectual property. In proposing to guide the choice of laws in the light of such goals, I admittedly go beyond the classic method of merely referring to ordering principles that these goals imply, effectively *ordre public international*, as grounds for rejecting objectionable choices of laws.²³ To start, I shall translate the goals into practical *desiderata* for fashioning remedies in the international regime of intellectual property, in particular, by distinguishing between how pre-market and market remedies work in the field. Pre-market remedies include injunctions against copying works or trademarks, or using a patented process or making a patented product, before such protected materials reach the marketplace. By contrast, market remedies include injunctions against, and compensatory damages for, the unauthorized trading in such materials on the open marketplace. Both pre-market and market remedies should be fashioned to allow the subjects of rights enough control to exploit the objects of their rights on the marketplace.²⁴

What remedial *desiderata*, then, would the international regime optimally entail? On the one hand, the goal of 'effective and appropriate means for ... enforcement' implies a globally seamless fabric of pre-market remedies in which neither pirates nor counterfeiters might find havens. In particular, it requires, and the TRIPs Agreement provides for, remedies such as seizures of infringing copies and goods as they cross borders in geographical space, thus hindering these materials from reaching markets worldwide.²⁵ The new WIPO treaties in the field of copyright also contemplate 'effective legal remedies' and 'expeditious remedies', ostensibly in cyberspace, for which these treaties elaborate rights and purport to reinforce technological self-help schemes.²⁶ On the other hand, the goal of 'taking into account differences in national legal systems' implies a globally coherent fabric of market remedies as well, in which market

22 TRIPs Agreement, *supra* note 7, Preamble.

23 *See, e.g., Bragance c. Michel de Grèce*, Cour d'appel, Paris, 1e ch., 1 Feb. 1989, *RIDA* 1989, No. 142, p. 301 (refusing to apply contractual waiver of French moral right concluded in the United States because it was contrary to *ordre public international*). *See generally* Loussouarn and Bourel, *supra* note 10, pp. 393–399 (arguing that *ordre public* only applies to avoid the results of normal conflicts rules in exceptional cases).

24 *See generally* Michael Lehmann, 'The Theory of Property Rights and the Protection of Intellectual and Industrial Property', 16 *HC* 525 (1985) (justifying intellectual property law to the extent it institutes 'restrictions in competition in order to promote competition'). *Cf.* Ejan Mackaay, 'The Economics of Emergent Property Rights on the Internet', in: *The Future of Copyright*, *supra* note 11, p. 25 (arguing that 'the proper boundaries' for intellectual property rights can best be drawn from 'arrangements worked out' in the open marketplace).

25 TRIPs Agreement, *supra* note 7, Arts. 51–60. *See also* Paris Convention, *supra* note 7, Art. 9, and Berne Convention, *supra* note 7, Art. 16 (providing for seizure of infringing goods or copies upon importation).

26 WIPO Copyright Treaty, Arts. 11, 12, and 14, and WIPO Performances and Phonograms Treaty, Arts. 18, 19 and 23, both adopted by the Diplomatic Conference in Geneva on 20 Dec. 1996 and reprinted in: 28 *HC* 208 (1997).

expectations are not upset. Here the principle of national treatment comes into play, requiring the enforcement of rights with remedies in the markets for which the rights were instituted.²⁷

The first *desideratum*, a globally seamless fabric of remedies, should stop infringing transactions in their tracks. A distinction may be drawn between inward-bound and outward-bound transactions relative to the forum state.²⁸ Inward-bound transactions commence outside the forum state, for example, with preparatory acts such as authorizing and organizing infringement and fabricating infringing copies or products, but end up in acts of marketing inside the forum state; outward-bound transactions commence in the forum state but are consummated in acts of marketing abroad. The case law provides instances of US and European courts that, with jurisdiction over the parties engaging in inward-bound infringing transactions, localize these transactions as taking place in the forum country in that they enjoin them under home law.²⁹ By parity of reasoning, courts should localize outward-bound transactions in the countries whose markets they attack and apply the laws of the other countries, respectively, to enjoin acts at home that authorize or otherwise generate infringing exploitation abroad.³⁰ Some cases fall outside this distinction, notably where copies transit the forum country on their way to another country where they may be marketed, perhaps legitimately. Special provisions may still mandate seizure in the forum country.³¹

Some or all of these relations can operate across global, interactive networks at the same time. To the extent this takes place, the enquiry into localization, as well as

27 Cf. Hans Ullrich, 'Technology Protection According to TRIPs: Principles and Problems', in: F.-K. Beier and G. Schricker (eds.), *From GATT to TRIPs*, Weinheim, VCH Verlagsgesellschaft, 1996, pp. 366–369 (noting that national treatment leaves countries free to fashion laws of intellectual property pursuant to national policies).

28 See generally Max Planck Institute, 'Stellungnahme des Max-Planck-Instituts für ausländisches und internationales Patent-, Urheber- und Wettbewerbsrecht zum Entwurf eines Gesetzes zur Ergänzung des internationalen Privatrechts (außervertragliche Schuldverhältnisse und Sachen)' [hereinafter 'Stellungnahme des Max-Planck-Instituts'], *GRUR Int.* 1985, pp. 105–107 (elaborating this distinction in applying it to hypothetical cases).

29 See, e.g., *Spindelfabrik Suessen-Schurr v. Schubert & Salzer*, 903 F. 2d 1568, 1578 (Fed. Cir. 1990) (enjoining preparatory acts in Germany leading to patent infringement in the US); *ABKCO Music & Records Inc. v. Music Collection Internat'l Ltd.*, Court of Appeal, Decision of 7 Nov. 1994, [1995] Rpts. Patent Cases 657, excerpts in: 27 *HC* 895 (1996) (applying U.K. law to preliminary acts in Denmark leading to copyright infringement in the UK).

30 Compare Paul Katzenberger, 'Fünfter Teil. Anwendungsbereich', in: G. Schricker (ed.), *Urheberrecht: Kommentar*, Munich, Max Planck Institute, Beck Verlag, 1987, pp. 1244–1247 (positing that an act initiating a transaction in one country suited to generate infringing acts in another is subject to the other country's law), with Paul Goldstein, *Copyright*, Boston, Little Brown and Co., 2d ed., 1996, vol. 2, § 6.3.2, p. 6:29 (noting that 'courts can be expected to weigh the infringing or non-infringing nature of the foreign conduct in determining whether the economic impact on the domestic authorization right is sufficient to justify third-party relief').

31 See *supra* note 25 and accompanying text. See, e.g., *Grammophone Co. of India Ltd. v. Pandey*, Decision of 21 Feb. 1984, Supreme Court (India), [1985] Fleet Street Rep. 136, excerpts in: 18 *HC* 139 (1987) (ordering seizure of copies in India on their way to Nepal). *But cf.* Hoge Raad (Supreme Court, Netherlands), Decision of 27 Jan. 1995, *Informatierecht/AMI* 1995, No. 4, p. 67 (holding that transshipment in sealed containers through Aruba could not infringe Dutch copyright).

the fashioning of remedies, becomes far more complex. To take a simple example, in the 1980s Playboy had the Italian magazine *Playmen* enjoined from infringing its trademark in the United States.³² In the 1990s, the Italian publisher set up a *Playmen* website in Italy, after having registered that title as a trademark in Italy. The Southern District of New York then ordered the publisher either to stop access to the website in the United States or to shut down the site entirely.³³ In imposing the latter alternative, the court would seem to lapse into the questionably extraterritorial application of domestic trademark law. One fact, however, distinguishes the case: as the court noted, Playboy had succeeded in asserting its mark against *Playmen* in European countries besides Italy.³⁴ Thus the website effectively also infringed foreign marks, making the case one in which infringing transactions were potentially inward-bound relative to many countries at once, although infringement abroad was neither pleaded nor remedied as such. It has been argued that, in such cases where infringement ostensibly takes place in many jurisdictions at once, the courts should apply the most protective of the laws effective in all these possible protecting countries.³⁵ This argument has the merit of providing grounds for a preliminary injunction to stop the unauthorized hemorrhaging of protected materials into a global network. However, eventually, a court should explore more differentiated solutions in the light of all applicable laws.³⁶

The second *desideratum*, a coherent web of remedies, becomes critical as courts reach final judgement. The international regime of intellectual property is predicated on national treatment, so that enterprises normally consult the law of a country before marketing in that country.³⁷ To be coherent with this principle, the law of a given country should apply to ascertaining damages resulting from infringement that usurps the market for protected materials in that country. Unfortunately, as already indicated, national courts have not adopted fully consistent approaches to awarding damages in cross-border cases, sometimes ascertaining damages incurred abroad under their own home laws.³⁸ Consider the case in which videos of the 1992 Los Angeles riots were copied in New York and transmitted across the Atlantic for exploitation in Europe

32 *Playboy Enterprises, Inc. v. Chuckleberry Publ. Inc.*, 687 F.2d 563 (2d Cir. 1982).

33 *Id.*, 939 F. Supp. 1032 (S.D.N.Y. 1996).

34 939 F. Supp. at 1034.

35 See François Dessemontet, 'Internet, le droit d'auteur et le droit international privé', *Rev. suisse de jurisprudence* 1996, p. 285. *But see* 'Stellungnahme des Max-Planck-Instituts', *supra* note 28, pp. 105–107 (critiquing project to codify application of the most protective law in cases of cross-border infringement).

36 See 'Conflicts in Cyberspace', *supra* note 11, pp. 45–47, also in: 20 *Columbia-VLA J. of Law & Arts* pp. 598–602 (1996), 44 *J. Copyright Society USA* pp. 113–116 (1996), 31 *UNESCO Copyright bull.* (No. 1) pp. 8–10 (1997).

37 See Henri Desbois, André Françon, and André Kéréver, *Les conventions internationales du droit d'auteur et des droits voisins*. Paris, Dalloz, 1976, p. 153.

38 See *supra* notes 17–20 and accompanying text.

without consent.³⁹ Statutory damages were awarded under US law for the New York copies, even though these were not marketed illicitly at home.⁴⁰

Further anomalies complicate matters here. To start, the *lex fori* determines the procedures for obtaining injunctions and establishing damages. Where a suit is brought in one court for infringement in many countries, this court's procedures might lead to results different from those otherwise resulting in the courts and under the laws of these countries.⁴¹ Further, courts may well differentiate cross-border remedies when digital content is protected in one country but not in another, but there is no assurance that computers routing such content within global networks can always be easily reprogrammed to comply with such differentiated relief. Still other problems will arise as computerized systems are introduced to manage digital content.⁴²

Conclusion

Courts will increasingly encounter difficult conflicts of law in the field of intellectual property. Many difficulties, it has here been argued, may be resolved by localizing infringing acts with an eye to satisfying the remedial *desiderata* of the international regime. Other difficulties, however, arise out of basic disharmonies, some substantive and some procedural, and courts will have to exercise their ingenuity to resolve them as equitably as they can from case to case. Progress toward a systematic international code of intellectual property would eventually help us transcend such difficulties.⁴³

39 *Los Angeles News Service v. Reuters Television Int'l*, 942 F. Supp. 1265 (C.D.Cal. 1996).

40 *Id.*, 942 F. Supp. 1275 (C.D.Cal. 1996).

41 See Donald S. Chisum, 'Normative and Empirical Territoriality in Intellectual Property: Lessons from Patent Law', 37 *Virginia J. of International Law* 603, 614 (1997). Cf. Dieter Stauder, 'Einheitliche Anknüpfung der Verletzungssanktionen im Gemeinschaftspatentübereinkommen', *GRUR Int.* 1983, p. 586 (asking how to overcome differences between national remedies in a unified European patent system).

42 See Paul Edward Geller, 'From Patchwork to Network: Strategies for International Intellectual Property in Flux', 31 *Vanderbilt Journal of Transnational Law* 553 (1998).

43 Cf. Jan J. Brinkhof, 'Internationalisation of Patent Law, Transborder Injunctions and Summary Proceedings in the Netherlands', CEIPI Texts on Intellectual Property, 1995, No. 1, pp. 12-13 and 16-18 (pointing out that Dutch courts may decline to impose remedies not known to the foreign legal system of another protecting country and contemplating further harmonization).

Reflections on the Concept of Intellectual Property

Georges Koumantos

Terminology

Historical research gives us an indication of when the term 'intellectual property' first appeared in the sense in which it is used today. Its first official use goes back to the 1950s, when the two International Bureaux set up under the Paris Convention (1873) and Berne Convention (1886) to administer the two Conventions – the two bureaux were amalgamated in 1893 – were named 'Bureaux Internationaux Réunis pour la Propriété Intellectuelle' (BIRPI). These were the forerunners of the 'Organisation Mondiale de la Propriété Intellectuelle' founded in 1967 in Stockholm.

This first official use of the term determines its purport, which coincides with that of the two jointly administered Conventions – two Conventions but three main objects. To begin with, the concept of intellectual property covered literary and artistic property (subsequently more commonly known as 'droit d'auteur' ('author's rights'), or 'copyright' in common law countries – Berne Convention), patents (corresponding to industrial property – Paris Convention) and trademarks (which ought really to be considered as commercial property – also Paris Convention). Another matter dealt with by the latter Convention, the law of unfair competition, could also be regarded as an aspect of intellectual property, but there are some doubts on this point owing to matters of legal interpretation. Intellectual property, like most concepts, has with time experienced several shifts in its meaning.

It is interesting to note, incidentally, that Article 36 of the Treaty of Rome, the document by which the present European Union was founded (1961), which was apparently meant to refer to intellectual property as a whole, refers only to 'industrial and commercial property'. This Article is very important, as it provides the foundation for exceptions to the free movement of goods and services (Articles 30 ff., 59 ff.). In practice, however, the use of terms which omit copyright has not prevented the Commission, the Court and interested parties from applying this provision as if it referred to all the constituents of intellectual property: the protection of copyright is also a reason for deviating from the principle of free movement.

Remaining in the area of terminology, it should be noted that the term 'intellectual property', generally accepted in countries whose languages have Latin roots, is

translated by different terms in the Germanic languages, either as a 'right over intangible property' (*Immaterialgüterrecht*) or 'legal protection of trades (or industry) and author's rights' (*Gewerblicher Rechtsschutz und Urheberrecht*).

To complete the picture we need to add that the Greek Civil Code (which was published in 1940 but did not come into force until 1946 because of the Second World War) already contains the concept and – almost – the term. Article 60, referring to what nowadays constitutes intellectual property, speaks of 'exclusive rights to the products of the intellect'.

Meaning of the Concept

As already indicated, the concept of intellectual property was originally designed to cover ownership of literary and artistic works, inventions (patents) and trademarks. What these three objects of intellectual property have in common is their intangibility – emphasized by the German term '*Immaterialgüter*'. The object of the rights constituting intellectual property is not the tangible support incorporating a literary or artistic work, invention or trademark, but rather the form of the work, the invention, the relationship between a symbol and a business, as such.

This shared characteristic allows for the subsequent enlargement of the concept of intellectual property. This enlargement extends the concept to (a) rights which already existed but were not systematically categorized and (b) rights newly recognized as a result of technological development – where the object of a right transcends tangible support, that right is (or should be) included in the concept of intellectual property.

Thus the concept now covers the following, in addition to patents, trademarks and literary and artistic works:

- a. designs and models, which are regulated in part both by the two Conventions cited – Paris (Articles 1, 4, 5 and 5 (v)) and Berne (Article 2) – and the domestic laws of many countries;
- b. commercial names, mentioned in the Paris Convention (Article 8) as an object of industrial property and recognized as such – although indicating the subject of the right rather than an object – by the domestic laws of several countries, notably when the name can be transferred with the business;
- c. neighbouring rights, regulated internationally by the Rome Convention (1961, 'on the protection of performing artists, producers of gramophone records and broadcasting organizations'), and nationally by special provisions, often included in the laws on copyright, and often extending the protection to other categories;
- d. plant production rights, which are the subject of an international Convention signed in Paris (1961 'for the protection of plant production rights') and revised at Geneva (1978 and 1991), and the domestic laws of the 32 countries that ratified the Convention;

- e. the topographies of semiconductor products, which are protected by a Treaty signed at Washington (1989, 'on intellectual property regarding integrated circuits', not in force) and European Union Directive 87/54 'on the legal protection of topographies of semiconductor products', which has been incorporated in the domestic law of the EU countries;
- f. databases, when protected by a *sui generis* right – but this new area of intellectual property requires more detailed explanation.

The system adopted by the European Union (Directive 96/9) for databases provides two types of protection for this modern form of collection, which is both a work of the mind and a product of investment: copyright protection (provided the – softened – conditions are met) and protection by a *sui generis* right (provided the database involves a major investment). This right – the Directive lays down the terms and conditions to which it is subject – is in the nature of a neighbouring right and should therefore fall under the heading of intellectual property. But even leaving aside its resemblance to neighbouring rights, the *sui generis* right over databases should be considered as falling under the heading of intellectual property because of the intangible nature of its object.

Intellectual property also includes copyright on software. If the opinion that it should be protected by a *sui generis* right was finally accepted, this right would have the essential characteristic of intellectual property, viz. an intangible object. This is not the case, however: the pressure for the widest, most immediate international protection possible has resulted in the – fictitious – equating of computer programs with literary works. This radical solution has been adopted by several countries and the European Union (Directive 91/250), which makes it obligatory for all the countries of the Union. As far as falling under the heading of intellectual property is concerned, however, the result is the same: copyright on software forms part of intellectual property as copyright on a specific object.

It remains to be seen whether the list should end here or whether it should be extended to include other objects. The Paris Convention already includes rules on unfair competition in the concept of industrial property (Article 10 (ii)). The TRIPs Agreement includes in its list of objects of intellectual property (Article 1 paragraph 2) geographical indications (Articles 22-24) and secrets (industrial and commercial, Article 39), in addition to those already mentioned (and without the commercial name). What can we say about this position adopted by two major international agreements?

It should be noted, first of all, that the two additional objects included in the TRIPs Agreement lists merely constitute specific cases of protection against unfair competition. This is stated explicitly in the case of secrets ('to provide effective protection against unfair competition', Article 9 paragraph 1), but the same holds true of geographical indications: it would not be possible to conceive of a subjective right of ownership to a connection between a product and a territorial area, since a right of this kind would belong to all the producers acting in the territorial area and could not be transferred, inherited etc.

The question, then, is whether the rules on unfair competition give rise to objects of intellectual property. From the historical point of view, it should be easy to answer in the affirmative: given that unfair competition is one of the matters regulated by the Paris Convention (Article 10 *(ii)*) and the administration of this Convention was one of the factors that led to the first official use of the term 'intellectual property' (for the BIRPI terminology *see above*), it would seem that this term obviously includes unfair competition. But things are more complicated when it comes to legal interpretation.

Intellectual property, like any other kind of property, is a subjective right relating to an object – in the case of intellectual property a work, invention, trademark etc. At first sight the rules on unfair competition do not give rise to a subjective right and consequently do not relate to an object; they merely forbid certain acts, and interested parties can cite them when applying for the prohibition to be enforced. At the heart of the rules on unfair competition is not an object to be protected but an act to be prevented. This cannot therefore be referred to as property nor, in consequence, as intellectual property.

There is an objection that could be made to this conclusion, however. We have seen that the rules on unfair competition, by forbidding certain acts, aim to protect a specific object, a business as a structured entity consisting of goods, legal relationships and market status (goodwill); the rules on unfair competition would thus give rise to a subjective right and would protect an object. If we accept this principle, the right over the business, created indirectly by the rules on unfair competition, should partake of the nature of intellectual property, since its object, the actual structure of the business, is of the intangible nature required.

Common Problems and Different Solutions

Specific laws recognize and regulate each of the rights contained in the concept of intellectual property, but this legislation is never so comprehensive as to render recourse to the general rules of civil law superfluous. Capacity to perform legal acts, the terms and conditions under which subjective rights are exercised, contracts and offences, responsibility, damages, the transfer of rights and the variations of inheritance – all these are issues where intangible property, objects of intellectual property, call for answers in the great reservoir of civil law.

The need to apply rules of civil law is a common feature of objects of intellectual property, but these rules are not applied in the same way to all types of intangible property. Certain adaptations are needed when transposing rules of civil law, essentially designed to be applied to tangible property, to the field of intellectual property. In addition, different approaches are needed when applying these rules to each of the specific objects of intellectual property.

An example of one approach is the application of the rules on possession and one of its consequences – a particularly important point since, in the final analysis, it can

have a direct impact on the acquisition of intellectual property rights. This issue merits closer examination.

Possession is, in principle, the *de facto* power someone exercises over a thing with the intention of acting as its owner. The thing is a tangible object, and it is precisely this aspect which is the corollary of this '*de facto*' power. How can one exercise a *de facto* power over a work of the mind, an invention, a trademark? On the other hand, one of the functions possession fulfils is that of publicity: the fact of exercising a power over a thing shows, as a rule, who is the owner. What, in the field of intangible property, can replace the publicity provided by possession and the ensuing presumption of ownership?

This question applies to all objects of intellectual property, but the answer may be different for each specific object. Let us take the three cases we found when the term 'intellectual property' originally came into use: copyright, patents and trademarks. As far as patents and trademarks are concerned, the publicity is provided by the manner in which they are acquired: the applications and registrations are recorded in public records indicating the right holder; possession, as far as its publicity function is concerned, and the ensuing presumption are superfluous. In the copyright field, a presumption of ownership, based on a type of possession, is evinced by the law in the case of divulged works: it is generally accepted in domestic legislation that the appearance of the name on the work in the manner customarily used to indicate the author leads to the presumption of this quality; and if a work is divulged, with no indication concerning its author, the person who divulges the work is deemed to be the author of it.

On the other hand, there are no provisions for non-published works. In these cases we should have to accept the possibility of a type of possession: instead of *de facto* power, which, taken literally, is impossible, we have the social recognition of a person as the creator or right holder serving as the foundation for possession and allowing there to be a presumption of ownership.

The problem of acquisition in good faith does not occur in the case of patents or trademarks, since the right holder is always the person recorded as such and anyone trying to acquire a patent or trademark without consulting these records would be at fault. This problem does not occur in the case of divulged works, since here the laws always recognize a presumed or fictitious author (see previous paragraph). In the case of a non-divulged work, however, why not recognize the possibility of acquisition in good faith when the person transferring the right, although not the true right holder, is generally recognized as such and the other criteria for acquisition in good faith are met (notably absence of fault on the part of the acquirer)?

Different Rules

Besides the different solutions to problems common to all the objects of intellectual property as a result of interpretation, there are other differences in the legal regulation of each of the rights that constitute intellectual property. Thus the rules concerning the object and the extent of the right, as well as the extent of the protection, differ.

First, the object: copyright protects the form or other original aspects of personal intellectual creation in science or art; trademark law protects the connection between a word (or several words) or a picture and the business from which a product or service emanates; and patent law protects invention, i.e. a new solution to a technical problem which can be applied industrially. Here we have three different objects, the first of which is a creation of the mind, the second of commerce and the third of industry or craft.

Then we have the manner of acquisition: copyright is acquired by the mere fact of intellectual creation, without any formalities, in every country in the world (except the United States, to some extent); a trademark, on the other hand, is acquired by recording it in the register of trademarks once it has been checked as complying with the conditions – although the mere fact of using it can give rise to certain restricted rights; and the right to use an invention is acquired by the issue of a patent once the formal conditions and basic conditions have been checked (this latter check is cursory in some countries).

Lastly, we have the extent of the protection: first the duration, which, in the case of copyright, varies depending on the domestic laws, with a minimum of fifty years laid down by the Berne Convention, which has now become seventy years in the European Union; in the case of trademarks it lasts ten years and can be renewed indefinitely; patents last twenty years and are non-renewable. Then there are the civil sanctions, which differ as between the three types of right, and the penal sanctions, which exist only for copyright violations.

Monopolies?

The list of differences in the legal regime governing the various rights which constitute intellectual property is a long one. To this we need to add the major differences based on the economic, social and cultural functions of each of them. It is sometimes argued that the rights that constitute intellectual property create monopoly situations – an opinion most often expressed by ‘intermediate users’, i.e., businessmen wishing to limit these rights so that they can make more profit on them.

The idea that monopolies are the consequence of exclusive rights that constitute intellectual property is based on the hypothesis that all the objects of these rights are unique. But we need to remember that, in very many cases, the objects of intellectual property are interchangeable: if the right holder of the right to an object lays down

exorbitant terms for a licence the user may substitute a different object – such competition breaks the monopoly.

But that is not all: it would be wrong to equate the different categories of rights covered by the concept of intellectual property with regard to the economic, social or cultural weight any monopoly situations created by them could have. After all, there is a big difference between preventing the use of a medicine by virtue of a monopoly and preventing the use of a song or novel. This is why the introduction of non-voluntary licences is often advocated in some areas. Given that the needs differ in intensity, non-voluntary licences (or any other restriction of intellectual property) should be a last resort, and their acceptability and terms and conditions should be examined on a case-by-case basis. To give the same treatment to the different objects of intellectual property goes against a sense of justice.

Is the Concept Justified?

The foregoing has enabled us to identify a large number of differences between the various rights covered by the concept of intellectual property – differences relating to the legal basis (national and international) for their protection, the solutions to certain problems which are common to all of them, their legal regulation, and their economic, social and cultural functions. We have even seen that including these rights in a single concept could result in their being given the same or similar treatment (notably in relation to non-voluntary licences and restrictions), failing to appreciate the need to differentiate. Are there enough common factors to justify the mere existence of the concept of intellectual property?

The need for a common administration for the various international Conventions on the specific rights covered by intellectual property cannot be regarded as an adequate *raison d'être* – albeit this may lie at the root of the concept. What would seem to justify its existence is the fact, already mentioned, that all the rights it covers have an essential common feature: the intangible nature of their respective objects and the consequences of this.

But this is not all: the objects of the rights covered by the concept of intellectual property are manifestations of human creativity. The purpose of regulating these rights is to protect this creativity and the creations emanating from it: literary, artistic and scientific works in the case of copyright, technical innovations in the case of patents, and business enterprise in the case of trademarks. It is this idea of protecting creativity that is the most important common factor in all these rights and the main justification for the concept of intellectual property.

Three Times a Hybrid Typecasting Hybrids Between Copyright and Industrial Property

Antoon A. Quaedvlieg

Introduction: Why is a Hybrid a Hybrid?

Among Herman Cohen Jehoram's many works, he has devoted a remarkable study to *Hybrids on the Borderline between Copyright and Industrial Property Law*.¹ The term hybrid should not suggest a marginal position of the phenomenon in question. Hybrids are at the core of prominent fields of economic interest and technological innovation. And their number increases every day.

As ever more hybrids emerge, the system of copyright and of intellectual property threatens to become opaque and confused because of their seemingly disorganised, rampant growth. Legal science cannot content itself with observing individual hybrids and their behaviour. We must inquire into the phenomenon as a whole.

A hybrid is brought forth by procreators of different species or varieties. The copyright hybrids are composed of a copyright element and a non-copyright element of an 'industrial' nature. As a consequence, hybrids are always displaced. They are not really at home within copyright, where they are often considered as 'different' or even an 'anomaly', but neither are they allowed to live at great distance from copyright: a hybrid is granted either a special regime under copyright (like computer programs) or a 'neighbouring right'.

The strange thing about hybrids is their obviousness. Apparently, they are so easily identifiable as hybrids that their status needs no explanation. Yet here lies a very interesting question: *why* is a hybrid a hybrid? Why is it not copyright proper, and yet close enough to copyright to be a hybrid?

¹ H. Cohen Jehoram, 'Hybrids on the borderline between copyright and industrial property law'. *RIDA* 153, July 1992, pp. 75-145. Text of a general report presented at the ALAI Congress of the Aegean Sea II, 19-26 April 1991, also published in the proceedings of the congress, ALAI, *Droit d'auteur et propriété industrielle/Copyright and industrial property*, Paris 1992. Also published in *Intellectual Property Journal*, Vol. 2, Nov. 1991, No. 4, pp. 190-205. See also H. Cohen Jehoram, 'Daklozen op het gebied van de intellectuele eigendom en ideeënbescherming', *NJB* 1992, 1197-1201.

Hybrids: Rejection and Attraction by Copyright

In this article it is contended that all hybrids have in common the fact that there is something 'wrong' with their calibre of 'personal expression'. This is the reason why copyright *rejects* hybrids as 'genuine' objects of copyright. The *cause* of this weakness or absence of personal character is different with each hybrid.

As Cohen Jehoram does in his study about the hybrids, I take recourse to the term 'personal expression'.² Here, personal expression is understood as a communication of personal thoughts and feelings. In line with the *droit d'auteur* tradition, this interpretation focuses on the assumption that what is protected in the work is the personality of the author.³ Works which are not the fruit of personal thoughts or feelings but of external data or functional requirements, do not qualify for copyright protection. We therefore use 'personal expression' in a probably more restricted way than it is used in, for example, the idea/expression dichotomy, where the 'expression' does not necessarily have to be very 'personal': an idea which is sufficiently worked out in detail qualifies as an expression. For the same reason, 'personal expression' is also more restrictive than the originality criterion. The drawback of this criterion is that it is so flexible that it does not offer any real hold. Every human creation could qualify as 'original'.⁴

We shall leave aside the question whether 'personal expression' is a good or bad criterion with which to establish whether a work is eligible or not for copyright protection; the only thing at issue here is what identifies a hybrid as a hybrid, and what makes 'pure' copyright reject a hybrid.

Conversely, the reasons why hybrids are attracted to copyright are many. Like the rejection, the attraction can (again) be a function of the calibre of personal expression, this time of the presence of such personal expression despite other factors likely to reduce it. This is illustrated by the example of industrial design in the systems embracing the theory of the *unité de l'art*.

But there are more circumstances which bring products within copyright's gravitational power. Copyright products are made by a typical industry, consisting of publishers, printers and producers, and are exposed to a specific kind of competition by the possibility of easy, fast and perfect (mechanical) copying. Where other products of this same industry, or even products from other industries exposed to the same kind of competition, lack personal expression, those products will nevertheless be promoted as hybrids.

Finally, the copyright industry has a strong affinity with the entertainment sector. To a rapidly increasing degree, entertainment products not showing personal expres-

2 H. Cohen Jehoram, *RIDA* 15, 3 July 1992 (*cf.* note 1), uses 'personal expression' as the two concluding words of his article (p. 139); also see H. Cohen Jehoram, 'Urheber und Werk: zwei Kernbegriffe des niederländischen Urheberrechts', *GRUR Int.* 1991, pp. 605–610.

3 *Cf.* recently Thomas K. Dreier, 'Authorship and the new technologies from the Viewpoint of Civil Law Traditions', 26 *IIC* 1995, 989–999, V. 990.

4 Dreier, 26 *IIC* 1995 (note 3), 995 note 14: 'the perception of originality "à géométrie variable" designates nothing more than the impossibility of defining precisely the exact meaning of originality in *droit d'auteur* regarding all – categories of – works.'

sion are nevertheless attracted towards the copyright-related sphere. For reasons to be explained, they form a third and different type of hybrid.

Hybrids are identified as a separate category in *droit d'auteur* countries, but they exist everywhere. Even if common law copyright systems officially do not discriminate hybrids, differences with works of literature and art continue to exist even in those systems.⁵ Pressure from entrepreneurial groups to upgrade their neighbouring rights to the level of author's rights can meet with reticence even in a common law context.⁶ In whatever system, and regardless of whether they are treated on the same footing as works of literature and art, hybrids either are a cause of trouble or they receive separate treatment. What then is it, that nonetheless so irresistibly ties hybrids together with works of literature and art? The following analysis of the hybrids will help to provide answers.

Three types of hybrids will be introduced: hybrids of personal expression, products from the copyright industries, and entertainment products.

Hybrids of Personal Expression: Industrial Design

Industrial design is probably the most classic example of a hybrid between copyright and industrial property. It is clear that industrial design can be a matter of personal expression, and thus comply with the central copyright criterion. Thus, it would be fully eligible for copyright. But industrial design naturally has an industrial component, which forms the basis of many different solutions in many different countries. Surprisingly, this industrial component is not so easy to define. Some systems seem to put emphasis on the functional purpose of design products, whereas others stress the entrepreneurial context in which a design product is conceived, produced and marketed. Both reasonings are adequate. However, it will be submitted hereunder that in the end, it again all comes down to a deficiency of personal expression.

One obvious difference between industrial design and the other works in the copyright domain is its functional purpose. Therefore, if designs are placed on a different footing the reason can be related to that functional purpose. The functional purpose directly influences the value of 'personal expression' in the work. Those *aspects* of the work which have exclusively been determined by functional consider-

5 Herman Cohen Jehoram, 'The Relation between Copyright and Neighbouring Rights', *RIDA* 144, 1990, pp. 80–133, V. 115, 'the essential differences between the protection of entrepreneurial skills and of original intellectual efforts have been recognized' in the United Kingdom. With the concept of personal expression, the concept of author is downplayed: Jeremy Phillips, 'The Concept of "Author" in Copyright Law – Some reflections on the basis of Copyright Law in the United Kingdom', *Copyright* 1990, pp. 26–30. An illustration of the hybrid dilemma in American law is the history of the refusal of copyright protection for designs in that country.

6 Cornish, 'The effect of the ever growing acceptance of neighbouring rights', General Report for the ALAI Congress of the Aegean Sea II (1991), in: *Droit d'auteur et propriété industrielle/Copyright and industrial property*, Paris 1992, p. 306.

ations cannot have been inspired by 'personal expression' and therefore should not enjoy copyright protection. It is also possible to go further and to sustain that the functional aspects have been inseparably 'merged' with those aspects of the form which are the fruit of personal expression. As a consequence, the form as a whole will have to be excluded from copyright.⁷

A third opinion, however, does not establish any relevant connection between functional purpose and the absence of personal character. In this opinion, functional aspects can also be protected by copyright on the condition that they contribute to an original shape. Protection will only have to be refused in case the form is necessary to obtain the desired technical result, i.e., if no alternative is available. In this opinion, the hybrid character of industrial design must reside in something other than its functional purpose, for example in the fact that it is considered to be more a product of entrepreneurial skill than of personal expression.

Entrepreneurial skill does not directly or necessarily exclude personal expression, but in a great majority of cases an entrepreneur will either consider personal expression to be irrelevant for the product, or he will consciously give other factors precedence over expression. This can be the result of four circumstances. Firstly, it sometimes suffices for manufacturers and consumers that the useful object is simply fit for its practical purpose, so that little or no care has been given to the design, let alone that it could qualify as a personal expression. In such cases personal expression is irrelevant. Secondly and thirdly, the great majority of products of industrial design consists of mass products made for mass markets. As a mass product, it is governed by considerations of production costs and facilities, which may overrule the personal taste of the maker.⁸ As a product for a mass market, it must reflect the style and fashion favoured by the public; marketing considerations can take precedence over an author's individual expression.⁹

Finally, the reduction of *personal* expression in the product does not mean that it has to be less beautiful or less original. On the contrary. To an increasing degree, very sophisticated design can and does exist independently of *personal* expression proper. For example, the exterior of a new car is determined by the results of market surveys and industrial planning, by marketing considerations, and by a large team of specialists. Unless there is a kind of art director who, more or less like a film director, has a decisive influence on the form of the product according to his own ideas, it would

7 Such considerations may also apply to scientific works, which therefore may have a hybrid nature similar in character to industrial design. Quaedvlieg, *Auteursrecht op techniek*, 68 ff.

8 Ulmer, *Urheber- und Verlagsrecht*, Berlin/Heidelberg/New York 3rd. ed. 1980, rightly observes that the fact of serial production does not affect the eligibility for copyright protection. It is not this fact as such but circumstances often related to it which constitute differences with works of literature and art. English and Irish law do, however, attach legal consequences to the fact that more than 50 copies of an object of industrial design have been made: Sec. 52 (1) a CDPA 1988 in connection with Art. 2 Industrial Process Order 1989.

9 Frauke Henning-Bodewig and Heijo E. Ruijsenaars, 'Alternative Protection for Product Designs - A Comparative View of German, Benelux and US Law', 23 *IIC* 1992, pp. 643-669, V. 646.

be untrue to pretend that such a design is someone's personal expression. In fact, it originates from other sources. It is emphasized here that all this does not prejudice the question whether such a design deserves protection. Of course it does; it is no less an achievement and it no less needs protection than other works. The only thing at stake here, however, is (again) the question whether the impact of external parameters and considerations on the shape of the product, as well as its conception by an anonymous and diluted team of makers,¹⁰ is likely to corrode its quality as a personal expression. It is submitted that it actually does.

Therefore, the problem at the heart of the hybrid nature of design is weakness or absence of personal expression. This would not be a problem if all the idiosyncrasies of the old lady of copyright fitted in well with the functional articles of entrepreneurial skill. But they do not. The long term of protection, the application of moral rights, the absence of registration and publicity and other particularities of copyright are clearly incongruous to the context of industrial design.¹¹

Industrial design thus poses a problem. The protection of design is solved in different legal systems in an, ultimately culturally predetermined,¹² variety of ways, offering examples of solutions which are no less than antipodes.¹³ Thus, countries like France and the Benelux countries¹⁴ offer unrestricted copyright protection to designs, following the *théorie de l'unité de l'art*.¹⁵ But *unité de l'art* is not a safeguard against all problems: the question remains, how and to what extent technical aspects must be excluded from the scope of protection, and how far copyright may indulge in protecting design of a very low originality. In Germany, a special threshold applies for copyright protection of industrial design: only designs showing a level which is above the average are eligible for protection. Italy excludes models from copyright protection under the doctrine of *scindibilità*.¹⁶ The European proposals for design protection are

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- 10 Quaedvlieg, 'Het belang van de werkgever', *Informatierecht/AMI* 1993, pp. 83–86, V. 84.
- 11 Yves Gaubiac, 'La théorie de l'unité de l'art', *RIDA* No. 111, 1982, p. 13 ff; H. Cohen Jehoram, 'Cumulative rechtsbescherming van industriële vormgeving en de eenheid van de intellectuele eigendom', *BIE* 1984, pp. 183–186.
- 12 H. Cohen Jehoram, 'De verhouding tussen modellenrechtelijke en auteursrechtelijke bescherming van industriële vormgeving in Continentaal West-Europa', *NJB* 1981, pp. 695–703, V. 696.
- 13 H. Cohen Jehoram, *RIDA* 153 July 1992 (note 1), pp. 81–87; H. Cohen Jehoram, 'Cumulative Design Protection, a System for the EC?', [1989] 3 *EIPR* pp. 83–87; H. Cohen Jehoram, 'Screenprints in Europa', *Informatierecht/AMI* 1991, pp. 23–27.
- 14 Benelux Court of Justice 22 May 1987, 20 *IIC* (1989) pp. 557–561; *NJ* 1987, 881 note L. Wichers Hoeth; *Informatierecht/AMI* 1987, 78 note J.H. Spoor; *Ars Aequi* 36 (1987) 11, 717 note H. Cohen Jehoram; *BIE* 1987, 196 note Steinhauser. This decision confirmed, at least for the Netherlands, the existing situation, cf. H. Cohen Jehoram, 'Wat heet kunst in industriële vormgeving?', *Auteursrecht/AMR* 1982, pp. 119–121.
- 15 Marie-Angèle Pérot-Morel, 'Specific Protection of Designs and its Relation to the Protection by Copyright in French Law', in: H. Cohen Jehoram (ed.), *Design Protection*, Leyden 1976, pp. 45–65; Yves Gaubiac, 'La théorie de l'unité de l'art', *RIDA* no. 111, 1982.
- 16 Vito Mangini, 'Modelli Industriali e disegni Ornamentali', in: *Volume XX della Enciclopedia Giuridica*, Roma 1990; Benussi, 'Protection of Industrial Designs in Italian and Comparative European Law', *Industrial Property* 1986, pp. 61–72; Peter Schimmann and Mario Franzosi, 'Neue Wege des Designschutzes in Italien', *GRUR Int.* 1994, p. 472 ff., V. pp. 474–475.

not likely to put an end to the confusion.¹⁷ In the United States, the doctrine of merger excludes models from copyright protection unless the creative form and the useful form are 'separable'. It is apparent that the hybrid character of designs has made their position in American copyright law a constant problem.¹⁸

The conclusion is that in all systems designs are either from the start set aside as a hybrid, or they are treated equally with all other works but acquire specific problems which betray them as hybrids after all. The genetic code of copyright inexorably exposes industrial designs as hybrids with a potentially diluted calibre of personal expression. This may be due to either their functional character or their nature of entrepreneurial product, or a mixture of both.

Industrial design is a classic hybrid, yet it is not the archetype of every other hybrid. Other hybrids have completely different reasons to claim access to copyright, which will be dealt with now.

Hybrids of the Information Industry. Information Carriers and Easy-Copy Products

Whilst in the case of industrial design the difficulty is in the separation of expression and function, other hybrids hardly contain any personal expression at all. They nevertheless are respected members of the hybrid family. A prime example is provided by Dutch jurisprudence, which consistently comprises under the protection of 'all other writings', granted by the Copyright Act 1912, writings 'without an own personal character'.¹⁹ Apart from this radical example, the phenomenon of copyright protection of flimsy 'personal expression' works is widespread; classic examples are the protection of 'small coin' (*kleine Münze*) in Germany, and the Scandinavian catalogue rule.²⁰

17 H. Cohen Jehoram, 'EG-harmonisatie modellenbescherming. Een kans die voor het grijpen ligt gemist?', in: Jonkers, Keuchenius, Schaap (eds.), *Bescherming van vormgeving in Europa*, Deventer, 1993, p. 41. See also Art. 17 of the Council Common Position (EC) No. 28/97 adopted by the Council on 17 June 1997 with a view to adopting Directive 97/.../EC of the European Parliament and of the Council on the legal protection of designs, 4.8.97 OJ No. C 237/1-7. Cumulation is made obligatory by this Article, but Member States remain free to determine the level of originality required, which could make cumulation an achievement of little substance.

18 J.H. Reichman, 'Design Protection and the New Technologies: The United States Experience in a Transnational Perspective', *Industrial Property* 1991, pp. 220-241 and 257-275; Frauke Henning-Bodewig and Heijo E. Ruijsenaars, *IIC* 1992 (note 10), pp. 662-664.

19 Which has consistently been condemned by Cohen Jehoram as an anomaly: H. Cohen Jehoram, 'Schrapp één onzalig woordje uit de Auteurswet 1912', *NJB* 1992, pp. 1542-1543; see also H. Cohen Jehoram, 'Computerprogramma's in de Auteurswet', *NJB* 1988, pp. 355-357. About the protection of non-original writings in the Netherlands, also see Van Engelen, 'The Misappropriation Doctrine in the Netherlands', *IIC* 1991, pp. 11-26, V. 15-16; Hugenholtz, 'Protection of Compilations of Facts in Germany and the Netherlands', in: Dommering and Hugenholtz (eds.), *Protecting works of fact*, Deventer/Boston 1991, pp. 59-65, V. 63-64.

20 Gunnar W. G. Karnell, 'The Nordic Catalogue Rule', in: Dommering and Hugenholtz (eds.), *Protecting Works of Fact*, Deventer/Boston 1991, pp. 67-72.

Likewise, the neighbouring rights protection of phonograms²¹ or broadcasts is not based on any requirement of originality or personal expression. Neither is the recent (copyright!) protection of previously unpublished works and of critical and scientific publications, provided by Articles 4 and 5 of the European Term Directive.²² Here, protection is accorded to products of the information industry, irrespective of any element of personal expression. Why?

Information is a high investment, easy-copy product. The products of the information industry are developed at a relatively high expenditure of investment (in terms of labour, time and money, but also in terms of risk-taking), whereas they can easily, cheaply and perfectly be copied by mechanical means. As a consequence, lead-time advantage disappears.²³ Innovation is no longer rewarded by getting a head start on the market. Imitators can copy on any desired scale. Even the general public makes individual copies in numbers prejudicial to the interests of the industry.

In a situation where copying has become too easy, copyright is called for as a remedy. The initiative comes from the industry. Historically, printers and publishers were granted privileges before authors were granted authors' rights. And although later the emphasis shifted to the author, the same old impulse continues to urge for protection for products of the publishing and printing industries, which are subject to the same threat of easy copying.

But the need for protection is not confined to traditional publishers and printers. Where competition in *other* branches takes on the same characteristics, the same kind of protection will be invoked. Decisive therefore is a specific kind of (unfair) competition: high investment, easy copy. From an economic viewpoint, there is hardly a difference of principle between the protection for original and for non-original information products (although there will be a difference of degree), and legal and political practice easily yield to this approach in order to accommodate the need for protection. It is submitted that the most prominent hybrids of these times – databases and computer programs – are likewise manifestations of 'flimsy expression work' categories; and that it has wrongly been upheld, in order to secure protection for these categories, that they *did* show (sufficient) personal expression.

As far as databases are concerned, it has often been observed that the personal expression criterion is not really fit for them. The originality of a database would have to reside in the 'selection and arrangement' of the contents. But to require originality or personal expression in the selection has the strange consequence that the most complete and therefore most valuable database will not comply. The originality of the arrangement is as questionable. It is a prerequisite for practical use that the arrangement

21 D.H.M. Peeperkorn and H. Cohen Jehoram, 'Een auteursrecht voor de fonogrammenproducent?', *Informatierecht/AMI* 1994 pp. 127–130.

22 Council Directive 93/98/EEC of 29 October 1993 harmonizing the term of protection of copyright and certain related rights, *OJ* No. 290/9 of 24 November 1993.

23 J.H. Reichman, 'Legal Hybrids between the Patent and Copyright Paradigms', 94 *Columbia Law Review* (1994), pp. 2432–2558, V. i.a. pp. 2439, 2442, 2446, 2476, 2504 ff., 2517, 2534.

of a database is as logical and obvious as possible, and not 'original' at all. To require that the arrangement must be a matter of 'personal expression' is creating an incentive for the production of chaotic, impenetrable databases.

The courts which are confronted with a database therefore take a practical approach and primarily assess whether granting protection seems reasonable. If so, they simply construe that there is personal expression in the selection and/or arrangement. The Dutch case of *Van Dale v. Romme* could serve as a textbook case for the way in which judges evoke a *Fata Morgana* of personal expression. The Court of Appeal in The Hague²⁴, in an elaborately – and skilfully – reasoned judgment, found grounds for admitting the thesaurus of the Van Dale dictionary as an expression of a personal view.²⁵ But Van Dale is no more than a standard dictionary and a very accurate mirror of the vocabulary of the Dutch language; not a personal view.²⁶ If it were, it would probably lose its present authority as a reliable mirror of the Dutch language. Likewise, databases are not a genuine work of personal expression and should not be treated as one. The introduction of a *sui generis* regime like the one created by the European Database Directive is a better approach.

The same applies to computer programs. They are not a matter of personal expression. The giant software industry is not an artists' commune seeking new ways of expression, but an enterprise in the utilitarian field. In order to circumvent this obstacle, it has been put forward that the software designer made a 'series of personal choices' or a 'selection out of a number of possibilities' or a 'personal contribution'. But if that were to make a work eligible for copyright, almost every human product would qualify for protection. Such criteria are not able to exclude anything. They were developed not to decide *whether* software was protected, but in order to establish that it *was* protected. It is not astonishing that there have always been doubts about (traditional) copyright's aptitude to serve as a legal regime for computer software, and that scepticism is growing concerning whether it is the right path to follow.²⁷ We frequently hear statements that the special solutions reserved by copyright legislations for computer software in reality present *sui generis* regimes.²⁸

24 Court of Appeal The Hague 1 April 1993 (*Van Dale v. Romme I*), *NJ* 1994, 58; *Informatierecht/AMI* 1993, 134, note Cohen Jehoram; *Computerrecht* 1993, 165 note Hugenholtz; *IER* 1993, 82; *EIPR* 1993, D-260; *GRUR Int.* 1994, 259.

25 As had been required in Hoge Raad 4 January 1991 (*Van Dale v. Romme*), *NJ* 1991, note Verkade; *Ars Aequi* 1992, 31 note Cohen Jehoram; *Computerrecht* 1991, 68 note Hugenholtz; *IER* 1991, 90 note Grosheide; *Informatierecht/AMI* 1991, 177 note Spoor; *EIPR* 1993, D-260; *GRUR Int.* 1994, 259; English translation also available in: Dommering, Hugenholtz (eds.), *Protecting works of fact*, Deventer/Boston 1991, pp. 93–96.

26 In the same sense, Van Overbeek, 'Commentaar op Romme/Van Dale II', *IER* 1993, pp. 79–80.

27 Cohen Jehoram, *NJB* 1992 (cf. note 1), p. 1198.

28 H. Cohen Jehoram, *RIDA* 153, July 1992 (note 1), pp. 107–109, also quoting the French national report of Yves Gaubiac; Verkade, 'Computerprogramma's in de Auteurswet 1912: het vierde regime...', *Computerrecht* 1992, pp. 86–97; Strowel, 'La loi belge du 30 juin 1994 sur les programmes d'ordinateur: vers un droit d'auteur sui generis?', *RIDA* 164, April 1995, pp. 173–233; Reichman, 'Legal Hybrids between the Patent and Copyright Paradigms', 94 *Columbia Law Review* 1994, pp. 2432–2558, V. 2481/2482 and 2484/2485; Dreier, *GRUR* 1993, p. 781; Quaedvlieg, *Auteursrecht op techniek*, Zwolle 1987, pp. 113–115 and *IER* 1988, pp. 40–43.

Again, absence of personal expression identifies the hybrid. But computer software, as a hybrid, also has an element which attracts it towards copyright. Software is an information product, subject to the 'high investment, easy copy' risk which we identified above and which gave birth to copyright itself. The thrust which supported software's claim to a place in the copyright field proves how convincing that argument was. This is all the more significant, as the software industry stands apart from the traditional printers, publishers and producers. There was no analogy in sector, but in (unfair) competition.

If 'easy-copy competition' could indeed serve as the constitutive factor for successful hybrid claims, the focus for future information law policy will have to be on this type of competition and not so much on discussions about standards of originality. Disconnected from personal expression, a general originality concept would be void of substance, as is illustrated by the introduction of models as tailor-made copyright and originality à *géométrie variable*.²⁹ It would deny the fact that it is not originality but investment that is at stake in a hybrid environment. Originality in a hybrid context takes on a different meaning. It does not mark out copyright's domain, but only decides whether the quality of an individual product of a certain kind (e.g., computer software) justifies protection (no matter how low the quality threshold may be). This is different from the personal expression criterion, which inquires into the (personal) nature of the product, not into its quality. As the originality concept in a hybrid context is not able to mark out copyright's domain, explicit legal provisions as to whether a category of hybrids is eligible for protection (either by copyright, neighbouring rights or *sui generis* regimes) are hardly redundant. Although there is no objection to letting the judges beat the path of protection for hybrids, the legislature must stay alert. There otherwise is the danger that protection will become a sport of blind economic forces.³⁰

Future information law cannot be realized either by entirely abandoning the traditional *droit d'auteur*'s requirement of personal expression. Works of 'personal expression' are a particular species of information. The personal expression criterion will continue to be the pivot of the system of protection of works of literature and art, and will secure the consistency of *that* system. 'Personal expression' explains why works of literature and art are subject to rules of their own. Copyright can afford to be generous in granting exclusive rights in products which are no more than a personal expression, and for which myriads of substitutes are available. This will not hamper commercial or technological development nor constitute a bar to freedoms of information, trade and industry. But as soon as it concerns information other than personal expression, the interests of users, consumers and competitors may gain weight, whilst

29 Dreier, 'Authorship and New Technologies from the Viewpoint of Civil Law Traditions', *IIC* 1995 (vol. 26), p. 995 note 14.

30 Quaendvlieg, 'Leistungsschutz in den Niederlanden. Schutz des "sweat of the brow"?'', *GRUR Int.* 1997, pp. 982-983.

those of the rightholder might seem less innocent or less natural,³¹ as is supported by the example of the *Magill* case.³² 'Useful' information cannot be treated on the same footing as personal expression. It calls (like patentable subject matter) for a much more scrupulous balance between free and protected domain.

Hybrids of the Entertainment Sector. Games, TV Formats, Sport Performances

The third category of hybrids has only recently begun to voice claims more loudly. Examples of its representatives are game concepts such as Monopoly or Risk; TV formats being the idea lying at the basis of a TV show, quiz or game;³³ and sport performances such as races or ball games. Sports, games and shows are as old as mankind. If the issue of their protection has suddenly become topical, one of the reasons is probably the emancipation of television from a public service into a competing market sector, creating market demand for entertainment products as 'raw material'. Exclusive rights must secure fair and orderly commerce in this new market for 'entertainment' products. The quest for that protection is a typical hybrid story. 'Sufficiently elaborated' TV formats have acquired a semi-official status under copyright. Sport performances so far enjoy various forms of protection in different countries, often of a somewhat improvised character,³⁴ but no copyright or neighbouring right. For 'sufficiently elaborated' concepts of games, copyright protection has been attempted; it was recently granted by the president of the District Court in Amsterdam.

31 Herman Cohen Jehoram and Kamiel Mortelmans, 'Zur "Magill" – Entscheidung des Europäischen Gerichtshofs', *GRUR Int.* 1997, pp. 11–15; *Ars Aequi* 44 (1995) 811.

32 ECJ 6 April 1995, Joint cases No. C-241/91 P and 242/91 P, *Reports* 1995, I, 734–838; [1996] *HC* Vol. 27 pp. 78–98, Comment D.W. Feer Verkade.

33 J.F. Haeck, *Idee en programmaformule in het auteursrecht*, Deventer 1998. Doctoral thesis at the University of Amsterdam. With a summary in English, pp. 247–252.

34 Klos, 'Sport op het speelveld van de intellectuele eigendom', *IER* 1997, pp. 81–88; Geus, 'Voetbalverslaggeving: recht en/of plicht?', *NJB* 1996, pp. 554–558; Henning Bodewig, 'Die Kurzberichterstattung über Sportveranstaltungen im französischen Recht', *ZUM* 1994, 454; Pedriali and Peifer, 'Der Schutz des Veranstalters von Sportereignissen nach Italienischem Recht', *ZUM* 1994, 461; Waldhauser, 'Sportübertragungsrechte – Rechtsnatur, Schranken und kartellrechtliche Probleme aus deutscher Sicht', *Mediaforum* 1997, pp. 56–62; Ruijsenaars, 'Wettbewerbsrechtlicher Leistungsschutz für Sportler? Bemerkungen zur Entscheidung des Hoge Raad "KNVB/NOS" und des Court of Appeals (Seventh Circuit) "Baltimore Orioles"', *GRUR Int.* 1988, pp. 764–767; Antonio Chaves, 'Arena Rights. Legislative Problems Concerning Broadcasting of Large Shows (Sports or Other)', *Copyright* 1987, pp. 310–319; Korthals Altes en Schuijt (eds.), *Sport en informatiemonopolies*, Amsterdam 1991; see the decision of the Dutch Hoge Raad in the case KNVB/NOS, HR 23 October 1987, *NJ* 1988, 310; *Informatierecht/AMI* 1988, 32 note Schuijt; for France: Loi No. 92–652 du 13 juillet 1992 modifiant la loi no. 84–610 relative à l'organisation et à la promotion des activités physiques et sportives et portant diverses dispositions relatives à ces activités; Theophile and Philipp, 'Football et droits de retransmission télévisée en France: les limites de l'exclusivité', in *Promotion et Publicité* 1993, pp. 30–36.

As with the other hybrids, neither of the objects mentioned above constitutes a personal expression in a strict sense. The concept for a game or a TV quiz is simply a skeleton or mechanism for entertainment to come. However clever or creative, concepts leave so much room for different performances and different results that it is impossible to qualify them as an *expression* of the maker. A work which can take on almost any form is too diluted to be an expression. A concept or format contains no personal message or voice. It is only different if the concept is placed in a narrative context bearing close resemblance to the plot of a book or to a film. But then we face, properly speaking, not an entertainment concept as such, but the traditional work of a plot, which has been 'merged' with the concept of the game.

In the same manner, sporting performances are not a matter of personal expression. A choreographic work with a ball is copyright protected, but a football game is not. In a football match the *result* counts, whereas in a dancing performance the dancing itself counts. Typically the dancer chooses the most expressive moment to jump and the footballer the most fitting one. What must be done in a dancing performance is up to the choreographer; his taste decides; he expresses only himself. What must be done during the football match is dictated by the object of the game. The footballer does not pursue personal expression, but goals. Even if he can make choices in a particular situation, his concrete behaviour is subject to another law than mere self-expression. He may not score in his own goal, even if that would be for him the summit of self-expression.³⁵ The personal element is reduced to his particular style or the style of his club; but style is not protected.

Consequently, what separates entertainment hybrids from copyright is (again) the absence of personal expression. What ties them to copyright is their character of high investment/easy-copy products, developed and realized as a market commodity by competing market agents.

Entertainment products have no utilitarian value, or only a very modest one in the sense of the entertainment value itself. They represent nothing which could not be had elsewhere. There is little harm in granting them an exclusive position. There is no *Freihaltebedürfnis*.³⁶ This brings them closer to works of personal expression (which, likewise, are often meant for 'entertainment') than to utilitarian works, such as computer software and databases. It identifies them as a third kind of a hybrid, different from the useful ones. Although a generalized claim for 'hybrid' rights for a wide range of entertainment products may seem exaggerated for the moment, it is our impression that the evolution is moving, and will continue to move, in that direction.

35 S.A. Klos, 'Sport op het speelveld van de intellectuele eigendom'. *IER* 1997, 81 ff., denies this and contends that football players frequently pursue just beauty, sometimes even to the detriment of the purpose of the game. It is a matter of degree: if the element of 'personal expression' is as important as Klos contends, then football becomes, like industrial design, a complex mixture of 'expression' and 'useful' behaviour which can be eligible for copyright.

36 Exception made for world championships and the like, which have acquired a status of a social (and economic and even political) event which exceeds the limits of just entertainment and which should not be treated on the same footing.

Conclusion

The system of intellectual property is not a closed system, and never has been. It has always adapted to new developments. But where hybrids continue to extort protection from judges or the legislature without the motives for that protection being sufficiently clear and consistent, they will take on the form of a plague. An attempt to systematize them into categories offers advantages. It domesticates claims roaming wildly about by making their attacks more predictable and their appetites more verifiable. It reveals that nature is less disorganized than it seems.

At the moment, three kinds of hybrid have appeared. One is involved with personal expression, the second with a type of industry and the third with entertainment. The first is related to copyright because of its closeness to personal expression, the others, because they are exposed to a similar type of unfair (easy-copy) competition. Each type has its own characteristics which should be taken into account by the legal regime which applies to them, but legal regimes for hybrids of the same type could have a common structure. Thus, the phenomenon of the hybrids would become more transparent in a scheme which offers a first hold for a development towards future information law.

The 'personal expression' criterion will continue to play a decisive role in identifying works of traditional copyright; no longer in order to exclude hybrids but to distinguish them. To the hybrids themselves, a different and more variable criterion of originality will apply. Originality in the context of hybrids will indicate the level required for protection, not the protected domain. The protected domain will gradually take form, based primarily on considerations relating to economic factors and analogies in type of competition, and supplemented by legal considerations about the equity and social utility of protection. This will require constant care and attention from intellectual property and competition law experts. Hopefully, the joy and relaxation of retirement will not divert Herman Cohen Jehoram's precious attention away from the hybrids.

The Impact of Copyright on Benelux Design Protection Law

Jaap H. Spoor

Introduction

At the time this article is being written, the European Directive on the Legal Protection of Designs is coming closer, as is witnessed by the Common Position of 17 June, 1997.¹ According to Article 17 of that document, registered designs may also be protected by copyright, while the further conditions of such protection are left to the Member States.

Now design registration and copyright are likely to interact. Generally speaking, copyright offers more while asking less. Copyright lasts longer, up to the author's life plus seventy years, while design protection is limited to a maximum of 25 years.² Although it can well be argued that 25 years is quite enough, the difference may nevertheless appeal to potential right owners. Then, unlike design protection, copyright is not limited to a specific practical application of the design. Whereas a registered design for the Philipsave does not form a bar to marketing a similarly shaped radio, copyright will be granted regardless of the object's potential or actual application, if any. Moreover, design protection only extends to designs which are identical or which display no more than minor differences, while copyright covers any adaptation, provided original aspects of the work have been taken. While this may lead to the same result in the case of rather simple (yet sufficiently original) designs, where the scope of copyright is likely to be pretty thin, the scope of copyright protection with respect to more complex designs might well be broader. And last but not least, all that is absolutely free.

In contrast, design protection requires filing, plus five-yearly renewals, and the cost is considerable, while its advantages over copyright are pretty meagre. True, design registration is laid down in a certificate, which gives a sense of security to some people, who find it hard to rely on unregistered protection. Sometimes third parties also are more impressed by a paper document than by mere reference to an intangible copyright. Still, it remains pretty expensive for just a piece of paper. More important,

1 *OJ C 237/1* of 4 August, 1997. Cf. also H.M.H. Speyart, 'The Grand Design. An Update on the EC Design Proposals, Following the Adoption of a Common Position on the Directive', *EIPR* 1997, p. 603.

2 Article 10 of the Common Position. In Benelux law the term still is 15 years.

registered designs enjoy a monopoly against independently developed designs as well as copies, whereas copyright protects against copying (in identical or adapted form) only. This may be especially valuable for feature products, with many designers developing more or less similar products. It also frees one from having to prove actual copying; here, however, the difference with copyright is virtually non-existent since the Dutch Supreme Court (Hoge Raad or HR) in its 1992 *Barbie* judgment ruled that if two works are sufficiently similar, it is for the alleged infringer to prove that such similarity does *not* result from copying.³

Cohen Jehoram, who over the last thirty years repeatedly addressed design copyright issues, has powerfully argued that the proposed EU Design Regulation should do away with filing requirements and introduce unregistered design protection instead.⁴ Moreover, he stressed that originality standards for design *copyright* should be harmonized, preferably at the 'continental' level which has already been adopted in the Software, Database and other EU Directives. The Common Position, however, demonstrates that as yet, such proposals meet with insufficient political support. Consequently, it must be expected that under the Directive, registered design right and unregistered copyright will continue to interact, since the mere fact that copyright may also be available is likely to influence the designers' decision as to whether to file for design registration or not; and whether copyright is indeed available depends essentially on the originality standard.

In this regard it may be of interest to briefly describe the uneasy relationship between Benelux design law and copyright, as it evolved over the last twenty-odd years, and more in particular the development of the design copyright originality standard. Our story begins in the late Sixties, when the Benelux Designs and Models Treaty⁵ was concluded, long before the Uniform Benelux Designs and Models Protection Act (BDMA) which accompanied the Treaty came into force on 1 January 1975.

Rationale of the BDMA

The primary reason given by the three Benelux countries' governments for introducing the BDMA was the wish to provide for unitary design⁶ protection on the whole Benelux territory. Until then, in The Netherlands and Luxembourg designs were either protected against slavish imitation, under unfair competition law, or, if sufficiently original,⁷ by copyright. In the latter case, protection was granted if the copying was

3 HR 21 February 1992, AA 1993, p. 295 ann.; Cohen Jehoram, *Informatierecht/AMI* 1993, p. 7 ann.; Gerbrandy, *IER* 1992, p. 89 ann.; Quaedvlieg, *NJ* 1993, 164 ann.; Spoor (*Mattel v. MB International*).

4 H. Cohen Jehoram, 'Cumulation of Protection in the EC Design Proposals. The 1994 Herchel Smith Lecture', *EIPR* 1994, p. 514.

5 Brussels, 25 October 1966 *Journal of Treaties* 1966, 292.

6 In the Act's terminology, 'designs' (or 'drawings') are two-dimensional while 'models' have three dimensions. Since the distinction has no further consequences, I will simply refer to designs or, sometimes, to models. Both words are meant to include the other category as well.

considered unjustified by functional demands, as well as potentially confusing to the relevant public. In Belgium, protection used to be entirely copyright based, designs being entitled to copyright protection whether they were original or not.

Apart from introducing unified protection, the BDMA was also promoted as bringing certainty to both designers and third parties. From now on, so the Explanatory Memorandum stated, designers could be certain their designs enjoyed protection, while by checking the register third parties would be able to find out whether a design was indeed protected or not.

As usual, the disadvantages were set out less clearly, if at all. Doubtless the most prominent of these were the cost of filing and the novelty requirement.⁸ The impact of filing costs varies; it may be acceptable where single designs are concerned but rises to a considerable or even unacceptable burden for extensive collections of fashionable products which are subject to frequent change, necessitating repeated filing of large numbers of designs. As to novelty, although the standard is lesser than in patent law,⁹ marketing an article in a Benelux country before it is filed is certain to destroy its novelty, and marketing the product abroad may also prove fatal. In practice, this especially forms a serious problem for foreign products which were never developed with the Benelux market in mind but which eventually find their way to the Low Countries.

Design Registration versus Copyright

The drafters of the BDMA were aware that the Act could only be successful if no competing protection régimes continued to exist. No one is going to file for registration if he will already enjoy similar protection for free.¹⁰ Consequently, by virtue of Article 14, para. 5, the slavish imitation action was disposed of.¹¹

7 It should perhaps be explained that *originality* is used here in the substantive continental sense, i.e., a work must at least to some extent have something characteristic. The mere fact that it is 'original to the author', i.e., that it is not itself a copy, is of course implied but not sufficient.

8 Cf. Cohen Jehoram, *NJB* 1974, pp. 1181–1182: "the novelty requirement, at times quite a nuisance".

9 A model will lack novelty if, during the fifty years preceding the filing date, it was actually known in the relevant industrial or commercial sector.

10 The Explanatory Memorandum also suggests that filing would give more certainty than those existing régimes, but fails to explain convincingly why this should be the case, since it is merely argued that litigation may be unavoidable to find out whether unregistered designs are indeed entitled to protection. Since designs are registered without any form of substantive review as to validity, the same must inevitably apply to registered designs.

11 At least formally, since the 1990 Benelux Court of Justice *Prince* judgment (21 December 1990, *NJ* 1991, 429 ann. Verkade (*Prince v. Van Riel-Gijzen*)) leaves some, if quite limited room for such actions, while several lower courts have also on various occasions granted tort-based relief, whether compatible with *Prince* or not. Moreover, Article 25 BDMA provides that existing protection régimes remain available for models which already existed when the BDMA came into force in 1975. Supreme Court 31 May 1991, *AA* 1993, p. 680 ann. Cohen Jehoram, *NJ* 1992, 391 ann. Verkade, *BIE* 1992, p. 50 ann. Steinhäuser, *IER* 1991, p. 116 ann. Vriesendorp (*Borsumij v. Stenman*), clarified that unlike BDMA protection, the term thereof is not limited to 15 years.

The relationship between copyright and design law, however, was more complex. While the former slavish imitation action used to cover practically any design which the BDMA was intended to protect, copyright and design registration would only overlap with regard to original designs, and it was generally accepted that under traditional standards many registrable designs were insufficiently original to qualify for copyright protection. Consequently, the need to file designs under the new Act was not seriously threatened by the existence of copyright law. On the other hand, the mere existence of an unregistered copyright in some designs threatened to affect the register's reliability.

While it is not clear whether the drafters of the BDMA really intended to *restrict* copyright protection of designs, they at least decided to *clarify* the issue. Article 21, para. 1 BDMA provides that 'designs or models which display a distinctly artistic character may be protected simultaneously by this Act as well as by the Copyright Act, if the requirements of both Acts are satisfied'. To this, the second paragraph adds that 'designs and models which display *no distinctly artistic character* are excluded from protection based on the Copyright Act' (italics added). This masterpiece of clarification resulted in uncertainty reigning for over two decades, from 1966 when the BDMA treaty was signed until the Benelux Court of Justice's 1987 *Screenoprints* judgment.

Article 21 led to vigorous debate.¹² It was initiated by a 1968 report of the Boekman Foundation (a non-governmental think tank) Copyright Committee, which rejected this requirement as exceeding the standard originality requirement and thus limiting copyright protection for designs.¹³ That criticism was contested by several authors such as Phaf,¹⁴ Haardt¹⁵ and Maeijer,¹⁶ who expressed the view that the requirement of 'distinctly artistic character' did not bring any change to the prevailing originality standard where designs were concerned, but was merely intended to replace the system which had existed in Belgium since 1935¹⁷ and whereby designs were protected under copyright regardless of any substantive originality. They relied on the Explanatory Memorandum, which gives the following elucidation: 'Since it is undesirable that [...] models which are not explicitly artistic will be protected by copyright in Belgium but not in both other countries, copyright has also been unified in this respect through the explicit provision that models which lack a distinctly artistic character are excluded from copyright protection'. According to these authors, a

12 For a more detailed overview, cf. H. Cohen Jehoram, 'Specific Design Protection and Copyright in Benelux and Dutch Law', in: H. Cohen Jehoram (ed.), *Design Protection*, Leyden 1976. Cf. also D.W.F. Verkade, *Bescherming van het uiterlijk van producten*, Deventer 1985, p. 147 ff.

13 'Bescherming van werken van "op nijverheid toegepaste kunst"', *NJB* 1968, p. 250 (255).

14 W.M.J.C. Phaf, 'Nogmaals bescherming van werken van "op nijverheid toegepaste kunst"', *NJB* 1968, p. 385.

15 W.L. Haardt, 'Het recht op een tekening en model en het auteursrecht', *NJB* 1998, p. 1173.

16 J.M.M. Maeijer, 'Samenloop van auteursrecht en modellenrecht bij de bescherming van werken van toegepaste kunst', in: *Verzekeringen van vriendschap* (Dorhout Mees-bundel), Deventer 1974, p. 269.

17 Royal Decree No. 91 of 29 January 1935.

'distinctly artistic character' was simply the same standard as the existing originality requirement, as developed in Dutch court practice.

Others were less confident. Although hardly anybody outright supported the view that Article 21 para. 2 introduced a higher standard, quite a few authors saw arguments for both sides.¹⁸ *Inter alia*, Cohen Jehoram, himself a prominent member of the Boekman Copyright Committee, was not reassured. While once more stressing that "artisticity" is not a requirement for whatever copyright protection; such a requirement, which would make the judge an art critic, is foreign to the foundations of copyright', he hoped courts would indeed interpret the words 'distinctly artistic character' as identical to the classic notion of originality.¹⁹

Wise words indeed. The least one can say is that, given the BDMA's wording and without the guidance given in the discussion described above, courts might easily have been inclined to subject designs to a more severe copyrightability test. Nor is the quoted text from the Explanatory Memorandum as reassuring as Phaf and Haardt suggested. For one thing, while that text states the desirability of unifying design copyright in the Benelux countries, it does not define the level of unification. If the one and only goal really was to reinstate 'normal originality' in Belgian design copyright, it would have been enough to abolish the 1935 Decree, while explaining that in the future designs would simply be protected at the same originality level as all other works.²⁰ One therefore cannot help feeling that the phrase 'models which display no distinctly artistic character are *excluded* from protection based on the Copyright Act' [my italics] may well have been intended to suggest a more restrictive intention.

In Re Screenoprints

The matter was finally settled by the Benelux Court of Justice (BCJ) in its 1987 *Screenoprints* judgment.²¹ The Court followed Phaf *et al.*'s reasoning and held that normal copyright standards of originality apply to models; the words 'distinctly artistic character' being essentially intended to raise the standard of protection in Belgium, although the Court also stressed that because of the word 'distinctly', courts should

18 For an overview, see D.W.F. Verkade, *Bescherming van het uiterlijk van produkten*, Deventer 1985, p. 148 ff.

19 H. Cohen Jehoram, 'Nogmaals: auteursrecht op modellen', *NJB* 1974, p. 1181 (1183). Cf. also Verkade, *Bescherming van het uiterlijk van produkten*, Deventer 1985, p. 151.

20 As W. van Dijk, *Modellenrecht in de Beneluxlanden*, Amsterdam 1975, p. 79, has pointed out, by requiring 'un caractère artistique *marqué*' rather than 'un caractère *nettement* artistique', the French (equally authentic) wording of Art. 21 para. 2 BDMA may even be slightly more demanding than the Dutch text.

21 Benelux Court of Justice 22 May 1987, *NJ* 1987, 881 ann. Wichers Hoeth, *AA* 1987, p. 717 ann. Cohen Jehoram, *Informatierecht/AMI* 1987, p. 78 ann. Spoor, *BIE* 1987, p. 196 ann. Steinhäuser (*Screenoprints v. Citroën*).

refuse protection when in doubt about the object's originality. For original designs, *Screenoprints* thus restored copyright as a reliable alternative for BDMA protection.

In retrospect, *Screenoprints* may perhaps not seem very surprising, if not outright obvious. Still, it remains debatable whether the Benelux Court of Justice would have come to the same decision without the guidance from the preceding scholarly debate. The overall image from that debate is that while several authors did not take sides, quite a few firmly rejected applying a higher originality threshold to designs, while virtually no one defended the opposite view. The general feeling which thus resulted from the discussion may well have influenced the Court of Justice's decision.

Design Protection Since Screenoprints

Once *Screenoprints* had decided the originality issue, the demarcation line between design law and copyright law could finally evolve. In the decade since that landmark decision, some 130 cases have been reported involving design protection under one or more of the potentially applicable regimes; far too many to discuss here in any detail, but certainly enough to describe some trends in design copyright.²²

On paper, the outcome after twenty years of debate was that nothing much had changed. Originality remained the stepping stone, as it always had been. But originality, no matter how solemnly it is worded, is what a court finds meets the maxim. And it is open to doubt, to say the least, whether courts feel the same about that in the Nineties as they used to do in the Sixties. It all depends on what you mean by 'originality'.

Incidentally, the originality standard as worded in *Screenoprints* sounds rather demanding. It was coined by the Dutch Supreme Court which, in its questions to the BCJ, for as yet unexplained reasons chose to rephrase the standard for copyright protection (of all works, not just of designs). According to that new wording, a work is characterized in that it has 'an original character of its own and bears the personal stamp of the author'. The BCJ repeated these magic words, and few lower courts have dared not to quote them since whenever called to assess the copyrightability of some work; which, however, did not refrain them from finding products of ever increasing simplicity to meet the standard, no matter its wording.

That was rather unexpected. Back in 1968, the Boekman Copyright Committee, while stressing that the originality standard should not be raised for designs, nevertheless predicted a stricter application of that standard than before. According to the Committee, for lack of a registration system as an alternative protection regime, courts had become rather permissive, if not outright lax in considering design originality and consequently in granting copyright protection to designs. Once the BDMA would be

22 For a slightly more detailed overview of court cases, cf. J.H. Spoor, 'The Novelty Requirement in Design Protection Law: The Benelux Experience', *AIPLA Quarterly Journal*, vol. 24, Numbers 2&3&4, Spring/Summer/Fall 1996, pp. 725-751.

in force, so the Committee predicted, courts could be expected once more strictly to apply the general originality standard, since insufficiently original models now could, and therefore should be registered.²³ *Screenoprints* in fact confirmed this view. Although the BCJ made it clear that the normal originality standard applies to designs, it certainly did not lower that standard; rather the contrary, by requiring that courts should not afford copyright protection when in doubt about the design's originality.

But the twenty years which had gone by before *Screenoprints* could confirm the Boekman Committee's views as to principle had taken their toll as regards its application, and the BCJ's decision did the rest, simply by not finding for a higher standard. While, as this author regretfully recalls, the Amsterdam Court of Appeal in 1984 was still unwilling to find the New Balance 990 model running shoe original,²⁴ from 1987 on hardly any Dutch court found whatever shoe, boot or slipper design non-original,²⁵ while more than once the originality was found to reside in part of the design only, such as a boot's lace²⁶ or buckle-and-strap.²⁷

The same is true for clothing design – not *haute couture* but simply trendy mass-marketed products.²⁸ Thus, the need to file for BDMA registration of large feature collections has virtually evaporated, as courts are likely to find all but the most common jeans, jackets or sweaters to display 'an original character of their own, bearing the personal stamp of the designer'.

Likewise, furniture and comparable household objects will now commonly meet copyright standards. While *Le Corbusier* designs²⁹ perhaps never would have failed to satisfy even the sternest demands of artistic character which some courts used to require in the old days, it seems rather unlikely that any court in that era might even

23 *NJB* 1968, p. 254: 'It is to be expected that courts will make heavier demands with respect to products wishing to obtain copyright protection once the BDMA has come into force, as products which display no distinctly personal and original character are sufficiently protected by the BDMA'.

24 Amsterdam Court of Appeal 13 December 1984, *BIE* 1986, p. 116 ann. Verkade (*New Balance/Hoogenbosch*). Fortunately the Court accepted that the defendant's Z-logo infringed the plaintiff's N-trademark, so the imitation was halted after all.

25 Of 14 decisions, 12 held the various models were protected by copyright. Only Haarlem District Court 20 July 1993 (unpublished; case number 1197/1993) (*Palladium v. Presburg-Van Woensel*) considered the *Pallabrousse* and *Pampa Low* shoe models essentially functional to the extent that they were insufficiently original; while Roermond District Court 22 September 1988, *BIE* 1990, p. 183 (*Harrink v. Henkelmun*) considered an ankle boot's originality debatable (but granted relief under the slavish imitation doctrine as extra factors enhanced the unfair competition aspects).

26 Amsterdam Court of Appeal 22 June 1989, *BIE* 1990, p. 146 (*FFD/Euro-Moda*).

27 Amsterdam Court of Appeal 19 April 1990, *BIE* 1991, p. 19, *IER* 1990, p. 93 (*Kappetein v. Tafti*).

28 Cf. e.g., 's-Hertogenbosch Court of Appeal 9 September 1991, *BIE* 1993, p. 229, *IER* 1992, p. 51 (*Gruno & Chardin v. Thomas Basics*) (Zino & Judy children's clothing product range: 9 out of 10 models found original); or 's-Hertogenbosch District Court 31 May 1994, *IER* 1994, p. 144 (*Manfree v. Auco*) (supermarket employee uniforms).

29 Cf. Amsterdam Court of Appeal 7 April 1988, *BIE* 1989, p. 82 (*Cassina v. Harvink Collection*), *in re* Le Corbusier LC2-furniture.

have considered granting copyright relief to CD-racks, let alone three different CD-racks in only a couple of years,³⁰ had such racks existed at all at the time.³¹

Given this state of things, one may well wonder what designs still remain outside the copyright realm. That question is rather acutely enhanced by the fact that at least six cases have been reported where registered designs were found copyrighted as well. While it must have been a comfort to right owners that their rights were upheld, they may nevertheless have wondered whether there had been any point in registering these models at all.

It is true that model rights have been upheld on occasions where it remains unlikely that a copyright claim (which was not actually made) would have been accepted. Typical examples are technical products where design plays little or no discernible role, although they are not wholly dictated by function, such as a conical plastic flower wrapper³² or a mortar-girder.³³ Another category where design protection is fruitful while originality seems hard to argue are what one might call 'combinatory products', i.e., novel combinations of two or more pre-existing products, such as the hotly litigated 'barber's chair for children', consisting of a toy car on a barber's chair mounting frame, both of them pre-existing.³⁴ But in all it is rather a meagre harvest.

Moreover, model rights often are difficult to enforce, since the scope of protection is rather modest. It may be possible to successfully oppose clear-cut copying, but modest differences between the respective products may easily lead to a finding of non-infringement, as many cases demonstrate. And while design registration often proves an unreliable anchor for such simple models, copyright at times emerges unexpectedly and quite successfully, as is e.g., demonstrated by a wallet design,³⁵ a simple key-holder,³⁶ or the Psion Organizer's memory-module's casing.³⁷

The overall impression is that few products remain where copyright protection can be excluded off-hand. Copyright especially tends to be available for any product which involves some kind of *designing*, however modest; and of course nowadays most products are at least subject to some form of designing. It is true that only recently the Amsterdam District Court found a boat's hull (at least the underwater part thereof) wanting in 'distinct artistic character' and therefore refused copyright protection, but Cohen Jehoram justly (although perhaps rather sternly) lectured the Court for applying

30 Amsterdam Court of Appeal 19 May 1988, *BIE* 1989, p. 264 (*Lift v. Walvis*); Amsterdam District Court 29 November 1989, *Informatierecht/AMI* 1990, p. 141 ann. Verkade (*Lift v. V&D*); The Hague District Court 22 May 1991, *IER* 1991, p. 81 (*Förster v. Rog*).

31 Youthful readers may not know that CDs were only introduced on the market in the early eighties; and so, probably, were CD-racks.

32 Amsterdam Court of Appeal 28 March 1991, *BIE* 1991, p. 355 (*Zwapak v. Lookman*).

33 Amsterdam Court of Appeal 4 July 1996, *BIE* 1997, p. 229 (*Cocon v. Boonstra*).

34 HR 10 March 1995, *NJ* 1995, 670 ann. Verkade (*Van der Lans/Floral*); cf. also Utrecht District Court 29 June 1993, *BIE* 1996, p. 418, *IER* 1993, p. 148 (*Erdi v. VTN*), concerning a traffic warning device.

35 Haarlem District Court 13 June 1995, *IER* 1995, p. 185 (*AGU v. Hesling*).

36 Utrecht District Court 29 November 1994, *IER* 1995, p. 59 (*Baels v. Klarenbeek*).

37 Breda District Court 13 Februari 1991, *Informatierecht/AMI* 1992, p. 174 ann. Dommering (*Psion Plc v. Cheap Chip*).

the obsolete text of Art. 21 BDMA rather than the BCJ's enlightened interpretation thereof in *Screenoprints*,³⁸ so it must be anticipated that at least this Court will not err again. Incidentally, this would not have been the first small boat to successfully navigate hitherto unfathomed copyright waters, as is demonstrated by several other reported cases,³⁹ even if these admittedly concerned more than mere hulls only.

Finally, new areas of design copyright expansion, hitherto undreamt of, are currently being explored in the field of *bicycle tyre tread patterns*. It seems such patterns are dictated less by their function than the casual observer might be inclined to surmise,⁴⁰ but whether this also must inevitably lead to marked contributions of personal authorship remains to be seen. No less than four different courts have now pronounced themselves on the copyrightability of the *Vredestein Perfect*-tyre tread pattern. One of these managed to dodge the copyright issue;⁴¹ the other three all acknowledged that such patterns may qualify for copyright,⁴² but only the Leeuwarden court held the *Perfect* did indeed meet the originality requirement, and found the resulting copyright had been infringed. Several appeals are pending.

Conclusion

It can be concluded from this overview, however brief, that it is far from easy to canonize the originality standard for design copyright. First, the statutory norm led to a considerable period of uncertainty; then, the BCJ's clarification was followed by an interpretation which continuously grew milder. Incidentally, the fact that this development essentially seems to be directed towards a lowering of the standard is also interesting by itself. I shall not try here to offer any explanation for this phenomenon, which deserves more thorough study anyway.⁴³

The description given above may perhaps suggest that I disagree with this gradual decrease of the required originality level. That is not my intention. What deserves to be stressed, however, is that impressive maxims do not guarantee a certain minimum

38 Amsterdam District Court 19 June 1997, *Informatierecht/AMI* 1998, p. 8 ann. Cohen Jehoram, *IER* 1997, p. 173 (*Makma Beheer v. Cygnus*).

39 Amsterdam District Court 26 February 1993, *IER* 1993, p. 115 (*Celebrity Boat v. Loumpranos*); The Hague District Court 8 December 1994, *BIE* 1996, p. 153 (*De Breedendam v. Makma Beheer*); The Hague District Court 23 February and 1 November 1996, *IER* 1997, p. 15 (*De Breedendam v. Dutch DC/AC*).

40 At least where bicycle tyres are concerned. The judgments teach that car tyre treads are probably far more demanding, which may restrict the room left for personal design.

41 Amsterdam District Court 4 February, 1998, Case nr H. 97.1380 (as yet unpublished) (*Vredestein v. Duis Cycle Products*).

42 Arnhem District Court 13 August 1993, *Informatierecht/AMI* 1994, p. 103 (*Vredestein v. Hunneman*); Leeuwarden District Court 10 December, 1997, Case nr H 425/97 (as yet unpublished) (*Vredestein v. Rekverkoop and Hunneman*); Zutphen District Court 29 January 1998, case nr 8963 HAZA 97-140 (as yet unpublished) (*Stichting Ring 65 v. Vredestein*).

43 Some suggestions can be found in J.H. Spoor, *De gestage groei van merk, werk en uitvinding*, Zwolle 1990, p. 35 ff.

level of originality and, no less important, that any originality standard, once it has been laid down at a certain level, will by no means remain constant. That is all the more important since the more the originality standard is lowered, the more copyright will be available to protect designs, and the more it will interfere with design registration. Perhaps courts will feel less attracted to affording design copyright if *sui generis* design protection is available on an equal footing, i.e., without registration. Unless one feels that any design should be protected by copyright, it certainly seems worthwhile once more seriously to consider the option of unregistered design protection when it comes further to designing, elaborating and implementing European Design Law, as Cohen Jehoram already suggested in his 1994 Herchel Smith Lecture.⁴⁴

44 H. Cohen Jehoram, 'Cumulation of Protection in the EC Design Proposals', *EIPR* 1994, p. 514 (515).

The Cumulative Effect of Copyright Law and Trademark Law: Which Takes Precedence?

D.W. Feer Verkade

1. On 25 September 1981 three Dutch MPs of the D66 party, Nuis, Veldhuizen and Kohnstamm, put a series of written questions to the Ministers of Economic Affairs and Justice about the registration of the name Dik Trom as a trademark. Dik Trom is the principal character (and title) of an enduringly popular series of children's books by C.J. Kieviet, who died in 1931. The copyright on these books should thus have expired on 1 January 1982.¹ The MPs had heard that the publisher (Kluitman) had registered the trademark so as to be able to use trademark law to prevent competitors reprinting the works. I would not be surprised to find that the three MPs were helped in formulating their written questions by Herman Cohen Jehoram, who is thought to have been involved in formulating the party's position on copyright and associated rights on numerous occasions over a number of years.
2. In his response, Terlouw, the Minister of Economic Affairs (himself a successful writer of children's books), was fairly non-committal. Herman Cohen Jehoram criticized the answers.² Clearly Cohen Jehoram was against the attempt³ artificially to extend copyright through trademark law as a matter of principle. The idea that this registration could be nullified as being incompatible with public order⁴ was one he evidently supported.⁵
3. Besides the Dik Trom question there was another matter that called for further research into the virtually unexplored area – at least in Dutch legal literature – of the

1 The complications of revived copyright under EEC Directive 93/98 are not relevant here.

2 In *Nederlands Juristenblad (NJB)* 1982, p. 50–1, where the questions and answers are reproduced.

3 'Attempt' because it was then, and still is, a contentious issue whether the title of a book (or the name of a principal character in a book, or the author's name) can be used as a trademark for the book. I shall not discuss this here.

4 Cf. Article 4 (1) of the Benelux Trade Mark Act (BTMA), to which Article 3(1) j of Trade Mark Directive 89/104 corresponds.

5 In the end, the publisher, Kluitman, evidently did not dare invoke the trademark registration in court. Action – again unsuccessful – was taken in two cases against competing publishers, on other grounds which are not relevant here: cf. Zutphen District Court 2 March 1982, *RvdW/KG* 1982, 39 and Haarlem District Court 20 January 1983, *NJ* 1984, 121, *Auteursrecht/AMR* 1985, p. 10.

cumulative effect of copyright and trademark law. This was a judgment handed down some years before on comparative advertising for cigarettes, in which the court had rejected the plaintiff's contention that his cigarette packaging should enjoy protection under copyright as well as trademark law on fairly fundamental grounds.⁶ Almost at the same time, at the end of 1982, two entirely independent – as I can myself testify – articles appeared in two *Festschriften*, one by Wichers Hoeth⁷ and the other by me:⁸ fortunately with differing views. These were followed by some other publications in which the same differences of opinion recurred, more or less.⁹

4. To put it in a nutshell, Wichers Hoeth defended the possibility of copyright and trademark law being fully cumulative ('a matter of double behaving'). Although he thought there was something to be said for the notion that a trademark-holder should not be allowed to evade the rules of trademark law by invoking copyright, he countered that it was not acceptable to deprive the author of his copyright powers without there being a basis for this in law,¹⁰ even where copyright was invoked after trademark protection had lapsed due to *non usus*.¹¹

5. I found Cohen Jehoram's views in his commentary (already mentioned) on the Dik Trom debate in Parliament more appealing, and continue to find them so. Whether the rather drastic remedy of nullifying the trademark registration on the grounds of incompatibility with public order is necessary in this case is a matter of legal construction. The point is that one law must not be able to cut across the result another law was evidently intended to produce. Even if one accepts this general principle along with me (and Cohen Jehoram?!), it has to be acknowledged that it does not give an immediate answer to all questions of cumulative effect.

Objective Cumulation Without Subjective Cumulation

6. If purely 'objective' cumulation applies without simultaneous 'subjective' cumulation (the object is subject to copyright and trademark protection, but the rights are held by different persons), there is good reason to consider both copyright and trademark law as being straightforwardly applicable. Any trademark-user/holder must respect the rights of

6 The Hague District Court 25 November 1976, *BIE* 1977, p. 135 (*Batco/Niemeijer*).

7 L. Wichers Hoeth, 'Samenloop tussen merkenrecht en auteursrecht: een kwestie van dubbel behoren?', in *Naar behoren*, Jubileumbundel van het Juridisch Gezelschap Amsterdam, Zwolle 1982, p. 137.

8 D.W.F. Verkade, 'Het werk als merk, en het merk als werk', *Auteursrecht/AMR* 1982/6 (*Album Amicorum* Theo Limperg), p. 141. In this new article I feel the need to reconsider the views I adopted in 1982 and revise them to some extent.

9 Bruin, *Auteursrecht/AMR* 1985, p. 12; Mout-Bouwman, *BMMB* Dec. 1987, p. 11. Cf. also Gielen/Wichers Hoeth, *Merkenrecht*, Zwolle 1992, Nos. 194–195, 411–416 and 866–867; Spoor/Verkade, *Auteursrecht*, 2nd impression 1993, No. 230.

10 *Loc. cit.*, p. 140.

11 *Loc. cit.*, p. 143. Wichers Hoeth did not discuss the reverse Dik Trom case separately.

the author/designer of the trademark.¹² Conversely, authors must respect the rights of trademark-holders – leaving aside for the moment the extent of the trademark protection, which is a separate issue: in particular whether depicting trademarks in the press, art and literature constitutes an infringement of trademark rights,¹³ and if so, whether freedom of information under Article 10 of the ECHR should (often) take precedence.¹⁴

7. If only objective cumulation applies, the copyright-holder and the trademark-holder would take action, either together or separately, to prevent the object being used in a way that infringed either or both rights. When it comes to *third parties*, however, a reservation needs to be entered immediately as regards the subsidiary principle set out *supra* (para. 6) that the author and trademark-holder should be able to exercise their rights without interference.

Inevitably anticipating the discussion later on in this article, let me give an example. Say designer A has designed a logo for company B. The defendant, P, sells B's original product bearing the logo and depicts it in his advertising. At this stage we can assume that – at least in some jurisdictions – B will not be able to contest this on the basis of trademark law, and this would also apply if B were the copyright-holder as well.¹⁵ Should B, albeit the holder of his own exclusive trademark, be able to circumvent this by transferring the copyright to a separate sister company C or deliberately leaving it with designer A and merely taking out an exclusive copyright licence? This would be too easy a way of cutting across the general principle that one law must not be able to be evaded by means of another.

There are various more or less obvious constructions available to prevent such evasion.¹⁶ The Joint Court of Appeal of the Netherlands Antilles and Aruba needed few words in its judgment of 19 August 1997¹⁷ to indicate whether an alleged copyright could be cumulative with a trademark on the logo. It considered that:

'As the copyright-holder must be deemed to have consented to the design of the BELMONT pack being registered as a trademark in Aruba, he cannot, to protect the goods marketed under that trademark (cigarettes), use a more

12 Cf. (the now explicit) Article 4(4) c (iii) of the EC Trade Mark Directive 89/104, which provides for voiding a trademark registration that infringes someone else's copyright.

13 Under pre-Directive Benlux Trade Mark law, this was held to be so in a few sensational cases, e.g., Amsterdam Court of Appeal, *NJ* 1977, 59, *BIE* 1976, p. 214 (Alicia).

14 The first intellectual property specialist to point this out clearly was W.C. van Manen, *BIE* 1985, p. 204, *GRUR Int.* 1986, p. 25.

15 See *infra*, 11–12.

16 Without going into detail I would mention, for instance: abuse of a right; exercise incompatible with the principles of reasonableness and fairness; exercise incompatible with freedom of information under Article 10 of the ECHR; nullity of a relevant legal relationship under Article 85 of the EC Treaty; precedence for the free movement of goods (including advertising the goods offered) under Articles 30–36 of the EC Treaty, where the relationship between the copyright-holder and the trademark-holder is an obstacle to action by the copyright-holder.

17 Reg. Nos. AR 1919/92 and 1/96, H 750/96 (as yet unpublished). The quotation is from paragraph 4.9 of the Court's judgment.

far-reaching means of protection derived from copyright, such as revindictory seizure under copyright law.¹⁸

Objective and Subjective Cumulation

8. If objective *and* subjective cumulation apply and the rights to the same object are – for the most part – held by the same person,¹⁹ it must be the case, as we have said, that one law should not be able to cut across the object of another.²⁰ There should be no artificial extension of copyright on a book through trademark registration (the Cohen Jehoram *Dik Trom* case), nor – to give another example – should there be any escape from the official requirement of having to register the trademark in advance²¹ by acting on the basis of a copyright obtained without formalities under the Berne Convention and the national Copyright Act.

9. Wichers Hoeth was right to say that, in itself, one law is not more important than another, and that copyright should (partly, perhaps even mainly) protect different interests than trademark law.²² However appealing this argument may be, the conclusion Wichers Hoeth draws is not so appealing. It entails the trademark-holder-cum-copyright-holder, or the copyright-holder-cum-trademark-holder, always enjoying the best of both worlds, as a result of the protected substance and/or restrictions not running in parallel;²³ whereas the individual law – in those cases where this is the issue – is intended to provide only one ‘world’.

18 NB: Aruban trademark law does *not* provide for seizure, especially in a case of transit (as was at issue in the Antillean Court case). A previous judgment by the Supreme Court in interim injunction proceedings between the same parties with the same issues was: Supreme Court 27 January 1995, *NJ* 1995, 669 (*BAT & Bigott/Doucal*) with note by Spoor.

19 The case discussed at 7 should be equated with this case.

20 If there is a clear infringement under both trademark law and copyright law, or one of those laws, and the remedies demanded can be applied under both laws, it is understandable that the court, at least in summary proceedings, is not going to go into the question of cumulation if it is not involved in the issue at stake. Examples of this would seem to be: Tiel District Court 26 October 1929, *NJ* 1929, p. 1708 (*Jam label*); see also Haarlem District Court 27 November 1992, *BIE* 1994, p. 299 (*Rover*) and Haarlem District Court 1 December 1992, *BIE* 1997, p. 308 (*Insecticide spray can*), although it is not clear why the registration requirement under Section 12 A of the BTMA was rejected, especially since claims based on trademark principles should be admissible. This case-law has correspondingly less value as a precedent as regards the issues dealt with in this article, where the legal effects of the different systems do (or could) differ.

21 Required in the Benelux by Section 12 A of the BTMA.

22 The same approach, at least as regards the protection of characters, can be found in essence in H.E. Ruijsenaars, *Character Merchandising. Eine rechtsvergleichende Untersuchung zum Schutz der Vermarktung fiktiver Figuren*, dissertation, Leiden/Munich 1997. See in particular pp. 377–90; see also the detailed discussions of the various elements.

23 Also (by word of mouth, at the award of Ruijsenaars' doctorate on 22 October 1997): J.J. Brinkhof.

10. In my opinion this means it has to be investigated – whether or not reflecting the *general* legal literature and case law on the cumulative effect of legal rules²⁴ – on a case-by-case basis whether the trademark or copyright aspect takes precedence.²⁵ In the *Dik Trom* case it is obviously the copyright aspect; in a case where the user of a soap trademark combining *four-leaf clover* and *edelweiss* wishes to take action against a competitor using the same trademark it is obviously the trademark aspect. In my opinion it will not be particularly difficult in most cases to decide whether the trademark or the copyright aspect takes precedence, even if there may still be borderline cases:²⁶ this is what lawyers are brought up on, and it is good for employment in the legal profession.

11. At least one problem of cumulation with which Dutch copyright law and Benelux trademark law are still struggling has been given a statutory solution by the British and American legislators, who had reflected on the matter, viz. whether a trademark-holder should be able to contest the depiction of copyright-protected trademarks in advertising. The answer is obviously ‘No.’ In the United Kingdom, Section 63(1) of the Copyright, Designs and Patent Act (1988) reads:

‘It is not an infringement of copyright in an artistic work to copy it or to issue copies to the public, for the purpose of advertising the sale of the work.’

In the United States, Section 113 (c) of the US Copyright Act (1976) reads:

‘In the case of a work lawfully reproduced in useful articles that have been offered for sale or other distribution to the public, copyright does not include any right to prevent the making, distribution, or display of pictures or photographs of such articles in connection with advertisements or commentaries related to the distribution or display of such articles, or in connection with news reports.’

12. Insofar as the free movement of goods in the European Union is at stake (as a result of parallel imports), the European Court of Justice also made a clear ruling, at the end of 1997, on invoking copyright against the depiction in advertising of products offered for sale, in *Dior v. Evora*.²⁷ Insofar as action is not admissible under trademark

24 Both Wichers Hoeth and I dealt with this in our 1982 articles. This is also a general issue in other jurisdictions: there is not enough space (or time) to go into it here. Suffice it to say that (a) the problem of cumulative legal rules and (b) the recognition that there *may* be good reason to give one system precedence over the other are well known.

25 After 1982 neither Wichers Hoeth nor I considered it necessary (and/or had time) to debate the subject further with one another in the legal journals. Wichers Hoeth died unexpectedly in 1990. I much regret that my distinguished confrère and friend (since we worked together at the Grotius Academie at the end of the Eighties) Leo is no longer able to answer me.

26 Cf. e.g., Breda District Court 22 March 1988, *IER* 1989, p. 33, *BIE* 1993, p. 279 with note by Br (*Boerenbont*).

27 ECJ Case C-337/95, Judgment of 4 November 1997.

law, nor is it admissible under copyright law. The ECJ had to answer, among other things, the following question (No. 6) put by the Supreme Court of the Netherlands:

‘Do the provisions of Article 30 and 36 of the EC Treaty preclude the proprietor of a (picture) trademark or a holder of copyright relating to the bottles and packaging used for his goods from making it impossible, by invoking the trademark right or copyright, for a reseller who is free further to commercialize those goods to advertise the goods in a manner customary to retail traders in the relevant sector? Is this the case also where the reseller, as a result of the manner in which he uses the trademark in his advertising material, damages the luxurious and prestigious image of the trademark or the publication or reproduction take place in circumstances such that damage may be done to the person entitled to the copyright?’

The ECJ clearly rejected this:

55. As regards the part of the sixth question relating to copyright, it is to be remembered that, according to the case law of the Court, the grounds of protection of industrial and commercial property referred to in Article 36 include the protection conferred by copyright (Joined Cases 55/80 and 57/80 *Musik-Vertrieb Membran and K-tel International v. GEMA* [1981] ECR 147, paragraph 9). [...]

57. It is also clear from the case law that, while the commercial exploitation of copyright is a source of remuneration for the copyright owner, it also constitutes a form of control on marketing exercisable by the owner and that, from this point of view, commercial exploitation of copyright raises the same issues as that of any other industrial or commercial property (*Musik-Vertrieb Membran and K-tel International*, cited above; paragraph 13). The Court has thus held that the exclusive right of exploitation conferred by copyright cannot be relied on by its owner to prevent or restrict the importation of sound recordings of protected works which have been lawfully marketed in another Member State by the owner himself or with his consent (*Musik-Vertrieb Membran and K-tel International*, cited above; paragraph 15).

58. Having regard to that case law – there being no need to consider the question whether copyright and trademark rights may be relied on simultaneously in respect of the same product²⁸ – it is sufficient to hold that, in circumstances such as those in point in the main proceedings, *the protection conferred by copyright as regards the reproduction of protected works in a reseller’s advertising may*

28 The ECJ thus passes over the *general problem of cumulation* but nevertheless rules on the significant escalation of the principle where branded articles which are also copyright-protected are depicted in advertising.

not, in any event, be broader than that which is conferred on a trademark owner in the same circumstances' [emphasis added].

13. In the *Dior v. Evora* case, at the time of writing the following preliminary question (e) put to the Benelux Court of Justice by the Supreme Court of the Netherlands is still pending before the Benelux Court:

'(e) Taking into account the provisions in the heading of Article 13A, first paragraph, does the system of the BTMA entail that the question of whether the holder of an (image) mark, even if it is the copyright holder with respect to this (image) mark, can contest the use of that mark for goods brought on to the market by him or his licensee, can only be answered by means of trademark law, or does this system permit such an opposition to be based on copyright rules in such a case? Does it make a difference in that case whether in cases at hand copyright provides more extensive protection?'

14. It would not be fitting for me (as Evora's lawyer) to take position in this article. As we saw above (at 12), however, in the context of European parallel imports (at issue in *Dior v. Evora*) the ECJ has ruled that – cumulative – copyright is just as much subject to the rules on the free movement of goods as are trademark rights. What the Benelux Court eventually decides on question (e) of the Supreme Court has thus become a purely theoretical matter for the *Dior v. Evora* case.

In cases not affected by the EC Treaty (i.e., purely domestic cases) decisions on the question of cumulation could be left to the domestic courts, which could decide what to do with national cumulative copyrights in each Benelux country: one of the options in the question the Supreme Court put to the Benelux Court. The problem with this, of course, is that it destroys the uniformity the High Contracting Parties intended to bring about in Benelux trademark law: one country could make greater or lesser inroads into uniform trademark law by means of copyright law. This is not such an attractive option for anyone who takes the need for uniformity seriously.

15. In somewhat comparable cases where there was a conflict between domestic law and Benelux law the Benelux Court of Justice gave precedence to the need for uniformity. I am referring to two cases. BCJ 19 November 1988, *NJ* 1989, 299 (*Kim*) was about whether invoking the nullity or lapse of a registered trademark could in certain circumstances be defeated by bad faith, improper conduct or even abuse of a right by the invoker of the cancellation: at first sight matters typically subject to domestic civil law. Nevertheless, the BCJ found a uniform solution by incorporating the answer to the question in its interpretation of the uniform term 'interested party' in Article 14 of the BTMA. In BCJ 16 June 1995, *NJ* 1996, 470 (*Rivel*) the Court also managed to find a uniform Benelux solution to the problem, which is not actually dealt with in the Uniform Act, of the transferability of protection claims regarding an unregistered trademark. In the absence of uniform copyright law in the Benelux –

unlike the UK and the US – the BCJ’s interpretation of the Benelux Trade Marks Act, which is *uniform*, could ensure a uniform Benelux solution to the problem raised by the Supreme Court in *Dior v. Evora*.

Copyright and the EC Directive on Comparative Advertising

16. To conclude this Article I would like to mention the recent EC Directive 97/55 on Comparative Advertising,²⁹ one of the special features of which is that Article 3a imperatively permits comparative advertising, provided a large number of conditions are met. Once these conditions have been met the Member States and their courts cannot rule that comparative advertisements are unpermitted, not even on the grounds of trademark law, as Article 3a, d, e and g completely take care of the trademark aspect – in line with Trade Mark Directive 89/104.

Could copyright law be invoked to render a tradename or trademark in a comparative advertisement inadmissible? In view of the foregoing my answer is clearly No. Where the compared trademark is subject to both a trademark right and copyright the trademark aspect takes precedence, also in comparative advertising. It is unlikely that the Directive was intended to permit the invoking of copyright as well, not even on the basis of the reservation on the ruling of permissibility in Article 3a: ‘permitted as regards comparison’. This reservation, as I have said, does not apply to trademark aspects (which take precedence) and thus even less to copyright aspects, which are subordinate.^{30,31}

P.S. This article had been finished already before the publication of the decision of the Dutch Supreme Court of 6 February 1998, *RvdW* 1998, 40C (*Bayerische Motorwerke AG and BMW Nederland BV v. Handelonderneming Blok BV*). In this case the Supreme Court upheld a decision by the Court of Appeals of Amsterdam, denying a cumulative copyright claim on BMW motorcars, (a.o.) by lack of specified separate interest of the plaintiffs over their trademark claims (which were denied also). It will be clear that I agree with the judgment.

29 *OJ* October 23, 1997, L290.

30 In positive terms the reservation is meant to refer to the rules elsewhere in the Directive designed to prevent misleading in comparative advertising: Directive 97/55 technically supplements Directive 84/450 on misleading advertising.

31 It should be noted *en passant* that the preamble (at 10) only mentions copyright in connection with the reproduction of results of comparative tests carried out by third parties.

Chapter II

Copyright and Neighbouring Rights

Indonesian Copyright Law after TRIPs:
Between Dutch Tradition and Anglo-American Influences

The Cottage by the Highway
Some Notes on the Relationship Between Copyright and Publishing

Herman Cohen Jehoram and the Dutch Copyright Society:
A Personal Interpretation

Copyright in Non-Original Writings
Past – Present – Future?

Copyright and Human Rights

A Concept of '*Domaine Public Payant*' in the Field
of the Neighbouring Right of Performers

Damages for Copyright Infringement in Germany

Judicial Control of Copyright on Public Policy Grounds

Private Copying in the Digital Environment

Harmonization of Copyright in the European Union

Dutch Copyright: Right or Expediency?
(1817–1912 and after)

Implementing the European Database Directive

European Originality: A Copyright Chimera

Collective Copyright Administration, Competition and Supervision
(From HCJ to MDW)

Towards a Basic International Regime of Copyright Contracts

Malesherbes on the Rights and Duties of Authors

Indonesian Copyright Law after TRIPs: Between Dutch Tradition and Anglo-American Influences

Christoph Antons

Introduction: The Reform of Intellectual Property Law in Indonesia

During the first few decades after achieving independence from the Netherlands, the Indonesian government showed relatively little interest in intellectual property law. At first, most of the colonial legislation in this field was maintained and local industries exerted little pressure on the government to become more active in this area. The only piece of legislation from the Sukarno era was the Trademark Act of 1961 which was hardly more than a translation of the *Reglement Industriele Eigendom* of 1912. As a consequence, Dutch textbooks on intellectual property law were still widely used and courts and practitioners continued to refer to cases decided in Dutch East Indian and Dutch courts. A few seminars, organised by the law development institute *Badan Pembinaan Hukum Nasional*, discussed the introduction of a patent act and the reform of copyright and trademark law.¹ However, until the early 1980s neither these seminars nor the lobbying by organizations interested in a stronger copyright protection² brought about a reform of Indonesian legislation.

Things began to change rapidly during the 1980s, in particular after the US identified Indonesia as a major violator of intellectual property rights and the country featured prominently on most of the US trade representative's Watch Lists.³ A copyright act drawn up in 1982 was criticized as insufficient and by 1987 it had already been revised. A patent act was enacted in 1989 and came into force in 1992. Also in 1992, a new Indonesian Trademark Act replaced the 1961 legislation. Indonesia

1 See Badan Pembinaan Hukum Nasional (ed.), *Simposium tentang Patent*, Bandung 1978; *Seminar Hak Cipta*, Bandung 1976; *Seminar Hukum atas Merek*, Bandung 1978.

2 These were in particular the Organization of Indonesian Authors (*Organisasi Pengarang Indonesia*), the Deliberation Council for Reading Matters (*Majelis Musyawarah Lektur*), the Union of Indonesian Bookstores (*Persatuan Toko Buku Indonesia*), the Federation of Indonesian Book Importers (*Gabungan Importir Buku Indonesia*), the Indonesian Publishers Union (*Jkatan Penerbit Indonesia*) and *Grafika Nasional*, the organization representing Indonesian graphics, see Simorangkir, *Undang-Undang Hak Cipta 1982 (UHC 1982)*, Jakarta 1982, pp. 6–7.

3 At the end of 1996, the Washington-based International Intellectual Property Alliance recommended once again to keep Indonesia on the Priority Watch List of the US Trade Representative under Section 301 of the US Trade Act of 1974, cf. *East Asian Executive Reports*, December 1996, p. 4.

ratified the GATT TRIPs Agreement in 1994.⁴ As a consequence, long-standing debates about the advantages and scope of membership in other international agreements⁵ have become meaningless and Indonesia ratified the Berne Convention for the protection of literary and artistic works, the Patent Cooperation Treaty, the WIPO Copyright Treaty and the Trademark Treaty in 1997.⁶ At the same time, reservations about Arts. 1–12 and Art. 28 paragraph 1 of the Paris Convention were removed by presidential Decree number 15/1997 of 7 May 1997.⁷

Also in May 1997, the entire Indonesian intellectual property legislation was again revised. The new legislation shows in many places Anglo-American influences which were already traceable during the 1980s. There are several reasons for this: first, besides the European funded EC-ASEAN Patent and Trade Marks Programme (ECAP), Australian advisers in particular are playing a prominent role in training programmes for Indonesian intellectual property lawyers.⁸ Secondly, proficiency in Dutch and access to Dutch language materials from the colonial period on the former legislation is clearly on the decline among the younger generation of Indonesian intellectual property lawyers. Whereas lawyers of the old generation still make frequent use of cases decided by Dutch and Dutch East Indian courts⁹ and consult literature in English as well as that from Dutch, French and German sources,¹⁰ the younger generation uses almost exclusively English and Indonesian material.¹¹ At the same time, many young Indonesian lawyers have had postgraduate education in the UK, USA, Australia, New Zealand or Canada. Increasingly, they use in their writings such concepts as ‘passing off’¹² or refer to ‘Anton Piller Orders’.¹³ An additional reason for the increasing use of Anglo-American principles might be the perception among

4 Cf. Harjowidigdo, ‘Mengenai Hal Milik Intelektual yang diatur dalam TRIPs’, *Varia Peradilan* No. 111, December 1994, p. 129; Djaman, ‘Peretujuan TRIPs: Beberapa Aturan dan Kebijakan Penting di Bidang Hak Milik Intelektual’, *Varia Peradilan* No. 106, July 1994, p. 135.

5 As to these debates, see Antons, *Urheberrecht und gewerblicher Rechtsschutz in Indonesien*, PhD thesis, University of Amsterdam 1995, pp. 58–63.

6 *IP Asia*, September 1997, p. 4.

7 *Ibid.*

8 Cf. ‘Getting it right in Indonesia’, *Managing Intellectual Property*, September 1997.

9 Cf. for example Gautama, *Hukum Merek Indonesia*, Bandung 1993 pp. 45–48, 52–53, 57–58, 63–64, 84, 94–97, 102–104, 106–107, 109–112, 139, 149, 162.

10 *Ibid.*, pp. 84, 94–95, 149, 162.

11 Cf. for example the literature lists in the books of Harjowidigdo, *Mengenai Hak Cipta Indonesia Beserta Peraturan Pelaksanaannya*, Jakarta 1993, p. 84; Anwar, *Hukum Paten dan Perundang-undangan Paten Indonesia*, Jakarta 1992, p. 311; Pamuntjak, *Sistem Paten: Pedoman Praktik dan Alih Teknologi*, Jakarta 1994, pp. 262–263; Djumhana and Djubaedillah, *Hak Milik Intelektual (Sejarah, Teori dan Prakteknya di Indonesia)*, Bandung 1993, pp. 193–195; Sjahputra, Herjandono and Parjio, *Hukum Merek Baru Indonesia: Seluk Beluk Tanya Jawab Merek – Teori dan Praktik*, Jakarta 1997, pp. 135–136. Occasionally, Japanese sources are also used, see Maulana, *Lisensi Paten*, Bandung 1996, pp. 87–94.

12 Djumhana and Djubaedillah, *op. cit.*, Chapter VIII, pp. 185–191.

13 Suwanto, ‘Indonesia’s new Patent Law: A Move in the Right Direction’, *Computer & High Technology Law Journal*, vol. 9, 1993, pp. 277–278.

Indonesian legislators that it is foremost the US which needs to be satisfied by a revision of the intellectual property legislation.

The Revised Copyright Act

In view of the persistence of the two cultures of copyright,¹⁴ it comes as no surprise that this mixture of Continental European and Anglo-American intellectual property principles becomes most visible in the field of copyright law. Until a new Indonesian Copyright Act was enacted in 1982, the *Auteurswet 1912* had remained in force, though it was largely irrelevant in practice. Most parts of the *Undang-Undang Hak Cipta 1982* (UUHC 1982) continue to look very familiar to a Dutch copyright lawyer. In line with the jurisdiction of the *Hoge Raad*, the law requires a work to have its 'own personal character',¹⁵ and lists in Art. 11 examples of copyright protected works. Art. 11 (1) 1 protects besides books and pamphlets also 'all other written works'.¹⁶ As the word used for 'work' in this context (*karya*) is different from the term 'creation' (*ciptaan*) used for copyright protected works throughout the remaining text, the provision implies a protection of 'impersonal writings' as under Art. 10 (1) 1 *Auteurswet 1912*.¹⁷ Like Dutch legislation, the Indonesian Act grants the exclusive rights to publish and to reproduce the work and provides for an employer's copyright for works created in an employment context.¹⁸ Different from the Dutch legislation, however, it distinguishes between public and private employers. Finally, Arts. 24 and 41 of the legislation also protect the *droit moral* of the author, although the Indonesian equivalent of the term (*hak moral*) is not explicitly used in the text of the Act.¹⁹

However, besides those many provisions that continue the Continental European tradition of the former legislation, some other elements of the 1982 Copyright Act already showed the influence of Anglo-American copyright thinking. A good example

14 Goldstein, *Copyright's Highway*, New York 1994, Chapter 5, pp. 165–196; cf. also Cornish, *Intellectual Property*, 3rd ed., London 1996, 10–01, p. 329.

15 *Bersifat pribadi*, see Art. 1 No. 1 UUHC 1982. As to the *eigen persoonlijk karakter* in the jurisdiction of the *Hoge Raad*, see Spoor and Verkade, *Auteursrecht*, 2nd ed., Deventer 1993, No. 41–44, 56–60; Wichers Hoeth, *Kort begrip van het intellectuele eigendomsrecht*, 7th ed., Zwolle 1993, p. 257.

16 *Semua hasil karya tulis lainnya*. The 1997 revision has added computer programs and introduced as a new subject matter '*susunan perwajahan karya tulis yang diterbitkan*'. This was translated literally by the journal WARTA CAFI 66/June 7th 1997 as 'composition of the appearance of the written work issued' and apparently refers to typographical arrangements.

17 Antons, *op. cit.*, 78–80; as to the impersonal writings under the Dutch legislation, see Cohen Jehoram, 'Netherlands', in: Geller (ed.), *International Copyright Law and Practice*, vol. 2, 1993, Paragraph 2 [4] [f] [v], 20; Hirsch Ballin, Note on the '*Radioprogramma IP*' decision of the *Hoge Raad* of 27 January 1961, *Ars Aequi, Jurisprudentie en annotaties: Intellectuele eigendom 1954–1992*, 4th ed., Nijmegen 1992.

18 Art. 7 *Auteurswet 1912*, Art. 8 UUHC. Cf. also the remarks on the Dutch legislation by Cohen Jehoram, 'Urheber und Werk: zwei Kernbegriffe des niederländischen Urheberrechts', *GRUR Int.* 1991, 605 and by Spoor and Verkade, *op. cit.*, No. 27, pp. 33–35.

19 It was, however, used in the explanatory memorandum of the Indonesian government to Art. 41.

of this is the concept of originality used in the Act. While the use of the term 'own personal character' in Art. 1 a. seemed to indicate a direct adoption of the *Hoge Raad* interpretation of originality,²⁰ the explanatory memorandum of the Indonesian government to the provision sounded as though it were taken directly from the famous definition of originality used by Justice Peterson in the 1916 University of London Press decision.²¹ The explanatory memorandum merely demands that 'the creator has to create something which is original in the sense that it is not a mere copy'.²²

This very wide scope for the application of copyright seems to have created confusion among the administrators in the Copyright Office which is responsible for the registration of copyrights. Such registration is not a pre-condition for the existence of copyright but creates a rebuttable assumption that the registrant is the author of the registered work (Art. 5 (1) a. UUHC). Over the last few years, the Copyright Office has also registered trademarks, wrappers and packaging designs and thereby created an opportunity for trademark pirates to thwart the enforcement of trademark rights completely or, at least, to create a considerable obstacle to enforcement, because a registered copyright can only be cancelled by a court decision, not by the Copyright Office.²³ Besides this, the Copyright Office has also registered industrial designs in the absence of a long promised Design Act.²⁴ Finally, it also seems that many works were registered in bad faith by registrants who were relying on the difficulties the real authors would have in proving their authorship.²⁵ With incentives of this kind, it comes as no surprise that registration has been quite popular, with 18,276 applications up until September 1994. As a consequence, a similar backlog as under the old trademark legislation has developed, with only about 15% of the applications finalised, approximately 50% still pending and 34% abandoned.²⁶

The revision of 1997 has now added the term 'originality' (*keasliannya*) to the definition of 'creation' in Art. 1 No. 2 UUHC. A 'creation' is now defined as 'the result of every effort of a creator which has acquired a special form and shows originality in the fields of science, art and literature'. However, the 'own personal character' remains part of the definition of the creator in Art. 1 No. 1 UUHC and reappears also in the explanatory memorandum to the revised Art. 1 No. 2 UUHC: 'A

20 Cf. Spoor and Verkade, *op. cit.*, No. 41–46, 56–65.

21 *University of London Press v. University Tutorial Press* [1916] 2 Ch. 601, 608, cited in Cornish, *op. cit.*, 10–08, 334–335. As to the different concepts of originality, see also Ricketson, 'The Concept of Originality in Anglo-Australian Copyright Law', in: Association Litteraire et Artistique Internationale, *Copyright and Industrial Property, Congress of the Aegean Sea II, 19–26 April 1991*, pp. 183–199; Dreier and Karnell, 'Originality of the Copyrighted Work', *ibid.*, 153–166; Cohen Jehoram, Note on the decision of the *Hoge Raad* of 4 January 1991, '*Grote Van Dale*', in: *Ars Aequi*, *op. cit.*, p. 343.

22 'Pencipta harus menciptakan sesuatu yang asli dalam arti tidak meniru'.

23 See 'Getting it Right in Indonesia', *Managing Intellectual Property*, September 1997, pp. 22–23; Noerhadi-Rosseno, Kusoy and Priapantja, 'Intellectual Property in Indonesia', *APAA News*, No. 22, May 1995, 13.

24 Rosseno, 'Indonesia', *APAA News*, No. 24, May 1997, 11.

25 'Getting it Right in Indonesia', *Managing Intellectual Property*, *op. cit.*, 22.

26 Noerhadi-Rosseno, Kusoy and Priapantja, 'Intellectual Property in Indonesia', *op. cit.*, 13.

work must... demonstrate originality as a creation of an individual on the basis of his/her ability and creativity which has personal character.' The accumulation of these terms together with the use of the term 'creation' by the legislators points to the stricter Continental European interpretation of originality. This assumption is further supported by a similar construction of Art. 11 (1) 1. UUHC and Art. 10 (1) 1. *Auteurswet 1912*, which implies an exceptional protection for non-original writings. Besides this 'small change' protection, the former Dutch legislation also left behind Art. 1365 *Burgerlijk Wetboek*.²⁷ This general provision about unlawful acts had been extended by a famous injunction of the *Hoge Raad* of 31 January 1919²⁸ to cover a range of acts related to unfair competition.²⁹ The Indonesian literature and jurisdiction has adopted this approach.³⁰ This means that in Indonesia a complementary protection against unfair competition in fact exists, although its exact extent is uncertain.³¹ The situation is, therefore, clearly different from that in Anglo-Saxon countries where, among other things, the lack of such a complementary protection provides the justification for the extensive use of copyright.³²

The reaction of the Indonesian courts on the above-mentioned registrations by the Copyright Office³³ have not yet been published. At present, one can only hope that the decisions will at least decide the question of originality one way or the other. While business people might occasionally be thrilled by the opportunities presented by an extended use of copyright principles, the Indonesian situation shows that an inexperienced administration will have difficulties with a system which is not developed and maintained in a consistent manner.

There is even greater confusion in the area of neighbouring rights. The 1982 Act did not clearly distinguish between works protected by copyright and those protected by neighbouring rights. Art. 11 para. 1 No. 3 included along with many of the traditional subjects of copyright also performances (*karya pertunjukan*), broadcasts (*karya siaran*) and sound recordings (*rekaman*). The revision of 1987 added video recordings (*rekaman video*) to this list and grouped the sound recordings together with

27 Art. 1401 of the former Dutch Civil Code. The former Dutch Civil Code remains in force in Indonesia on the basis of Art. II of the Transitional Provisions of the Constitution of 1945. cf. Gautama, 'Legal Developments in Independent Indonesia (1945-1970)', *Lawasia*, December 1970, pp. 157-158; Damian and Hornick, 'Indonesia's Formal Legal System: An Introduction', *The American Journal of Comparative Law*, vol. 20, 1972, p. 522.

28 Usually referred to as the '*Drukker-Arrest*', see *NJ* 1919, 161.

29 See Wichers Hoeth, *op. cit.*, 331.

30 See Gautama, *Indonesian Business Law*, Bandung 1995, p. 710; Antons, *op. cit.*, pp. 408-409. The '*Drukker Arrest*' is also discussed in Djumhana and Djubaedillah, *op. cit.*, pp. 181-182. however, without raising its significance for Indonesia.

31 Art. 1365 could in fact cover areas like trade secrets that are currently under discussion for specialised legislation. It seems that the possibilities of Art. 1365 BW in this area are not yet sufficiently explored by the Indonesian literature.

32 See Cornish, *op. cit.*, 10-09, p. 335; Ricketson, *op. cit.*, p. 199.

33 The report in 'Getting it Right in Indonesia', *op. cit.*, 23 allows the conclusion, however, that the registrations are merely made to delay the enforcement in trademark cases without any real expectations of being able to defend the rights in court.

choreography and musical works. While the concept of neighbouring rights was occasionally discussed in the Indonesian literature,³⁴ it did not become part of the legislation and no official term was developed for it.³⁵ This has now changed with the most recent revision of May 1997, which introduced a new Chapter VA of the Copyright Act with the title 'Rights Related to Copyright' (*Hak-Hak Yang Berkaitan Dengan Hak Cipta*). Art. 43C of this chapter grants exclusive rights to produce, reproduce and broadcast to performers, producers of sound recordings and broadcasting organizations. It limits these rights in Art. 43D to 50 years for performances and sound recordings and to 20 years for broadcasts, calculated from 1 January of the year following the performance, recording or broadcast.

Unfortunately, the revision creates ambivalent protection for these neighbouring rights in that it has not removed this subject matter from the list of copyrighted works in Art. 11. Sound recordings are still to be found next to musical works in Art. 11 (1) d. and performances and broadcasts have again been included under Art. 11 (1) f. and g. The newly introduced subject matter of typographical arrangements is only to be found in Art. 11 (1) a. To make matters worse, Arts. 26 and 27, which regulate the protection period for the different categories of works, mention some of the subject matter twice but with different lengths of protection. Art. 26 grants for the entire list of protected works of Art. 11 (with the exception of sound recordings, typographical arrangements and computer programs) a protection lasting until fifty years after the author's death or, if the work is created by several authors, fifty years after the death of the longest living author. However, the subsequent Art. 27 (1) mentions computer programs and sound recordings along with cinematographic works and, once again, performances and broadcasts. The period of protection of Art. 27 (1) is fifty years after first publication. Art. 27 (2) also lists the subject matter mentioned earlier in Art. 26, namely photographs and different forms of adaptations (*karya lainnya dari hasil pengalihwujudan*) this time granting them a protection of only twenty-five years after first publication.

In an attempt to avoid conflict between copyright and neighbouring rights provisions, legislators have introduced Art. 43E, which enumerates those articles of the Copyright Act applicable to the 'Rights Related to Copyright'. Neither Art. 11 nor Arts. 26 and 27 are mentioned here. However, this does not change the fact that the revised Copyright Act regulates the same subject matter in several different provisions and thereby effectively creates a choice for the producer of the subject matter between neighbouring rights protection and protection under copyright principles on the one hand and between different protection periods under Art. 26 and Art. 27, respectively, on the other hand. In view of the reduced period of protection granted under neighbouring rights principles, the newly introduced Chapter VA is unlikely to become attractive to performers, producers of sound recordings or broadcasting organizations. If the legislation is not amended once again, courts might soon be faced with cases

³⁴ Simorangkir, *Undang-Undang Hak Cipta 1982*, Chapter IX, pp. 66–67.

³⁵ Simorangkir translated the concept literally from English and used the term 'hak-hak tetangga'.

where the producers of such subject matter claim copyright protection, whereas the users of the same material maintain that the more limited protection of neighbouring rights applies. If copyright is applied to the subject matter of performances, sound recordings and broadcasts, the discussion might be repeated with regard to the question whether the protection period of Art. 26 (1) or of Art. 27 (1) applies.

Therefore, even if the conflicting regulation of the same material under copyright and neighbouring rights principles is remedied, the provisions about the length of the protection period for different subject matters remain a mess. In contrast to the first version of the Copyright Act of 1982, already the 1987 revision dropped a general provision about the length of copyright protection³⁶ in favour of a detailed list of subject matter and their respective protection periods. This disregards the fact that the list of copyright protected material in Art. 11 UUHC is only exemplary in character. The exemplary character of Art. 11 was occasionally questioned³⁷ and many commentators still seem to misunderstand it as being a closed list.³⁸ However, some of the most authoritative voices among Indonesian copyright lawyers pointed out very early that the list of Art. 11 is only exemplary.³⁹ This has also been confirmed by the definition used by State Secretary Bambang Kesowo in his speech at the Indonesia Copyright Enforcement Workshop in March 1990.⁴⁰ The Copyright Act currently lacks, therefore, a general provision about the length of copyright which covers also those works not listed in arts. 26 and 27 UUHC.⁴¹

Conclusion

The examples mentioned above indicate some of the negative consequences of the reform push of the last decade. They show that inconsistent revisions of legislation hastily implemented under pressure will hardly lead to the legal certainty that foreign investors hope for. Instead, they create new opportunities for infringers to use uncertainties for their purposes. The recent revision also shows once again that principles which lead to greater legal certainty in countries with a strong intellectual property

36 Cf. Art. 26 of the 1982 legislation.

37 See e.g., Kaehlig, *Indonesian Intellectual Property Law: Copyright*, Jakarta 1993, p. 13; Soebroto, *Undang-Undang Hak Cipta*, Semarang 1988, pp. 63–66; Sinaga, 'Sanksi Pelanggaran Hak Cipta, *Pelita*, 6 June 1990.

38 See e.g., Marpaung, *Tindak Pidana Terhadap Hak Atas Kekayaan Intelektual*, Jakarta 1995, pp. 13–14; Djumhana and Djubaedillah, *op. cit.*, pp. 46–47; Harjowidigdo, *op. cit.*, pp. 31–32.

39 Hutauruk, *Peraturan Hak Cipta Nasional*, Jakarta 1982, p. 40; Simorangkir, 'Pendaftaran Karya Cipta Tidak Wajib Tapi Perlu', *Suara Pembaruan*, 9 March 1990.

40 'Implementasi Undang-Undang Hak Cipta: Konsepsi, Problema dan Peningkatan Efektifitas Pemasanaannya', paper presented at the Indonesia Copyright Enforcement Workshop RI-USA, Jakarta, 19–20 March 1990, 26.

41 The newly introduced subject matter of typographical arrangements, for example, is not mentioned in Arts. 26 and 27.

CHRISTOPH ANTONS

administration do not necessarily achieve the same result in a developing country, such as Indonesia, where this administration still needs to be greatly improved.

The Cottage by the Highway

Some Notes on the Relationship Between Copyright and Publishing

Maarten Asscher

In the beginning there was no copyright at all. Cohen Jehoram is undoubtedly correct when he states that, while the Creator himself had to do without legal protection, anyone who sets about creating the world all over again would be protected these days by intellectual property rights.¹ Indeed, anyone interested in repeating the *creatio mundi* will be obliged to ensure that the new creation is sufficiently original. At a first glance, that would not seem to be such a problem, as it is highly improbable that anyone in their right mind would wish to reproduce the situation on our planet, even in a modified form. Be that as it may, I wish only to state here that copyright is not a timeless thing; it changes in the interplay between itself and other disciplines. I shall discuss this interaction by looking at the past and possible future relationship between copyright and publishing.

The 'Prehistory' of Copyright

Copyright scholars have a tendency to ascribe a logical, almost organic, history to copyright, a history which they – at least implicitly – believe could have run no other course, as though the Berne Convention and the national copyright laws based on it represent an ideal situation, towards which centuries of copyright development grew with equal measures of unanimity and inevitability. In the Netherlands, Grosheide and others have swept the floor with such 'copyright Darwinism', yet even Grosheide speaks of the 'prehistory' of copyright when referring to relatively recent times, times which furthermore can safely be called high water marks of European culture.²

In fact, much older and even more celebrated periods in the history of human civilization, such as the Egyptian Pharaonic culture, Ancient Greece or the culture of the Aztecs in Mexico, made do without the slightest trace of copyright. Ancient civilizations marked by extremely rich and detailed legal systems – we need think only of the Assyro-Babylonian civilization of around 2,000 years before our era, as well as Ancient Rome, of course – betray not even an inkling of copyright awareness. And

¹ Interview with H. Cohen Jehoram in *Het Parool*, 24 February 1990, p. 21.

² F.W. Grosheide, *Auteursrecht op maat*, Deventer, 1986, p. 43.

despite the popular conception of so-called primitive legislation in Mesopotamia, Hammurabi's Code, for example, includes all manner of detailed and sometimes remarkably modern regulations dealing with incest, physical abuse and medical malpractice, regulations concerning shipping, cattle-breeding, agriculture, housing, liability and labour relations, and rules for establishing the burden of proof, trial procedures, commercial law, contract law and so on and so forth. Yet though the Mesopotamian culture was pre-eminently a written one, not a single known legal code from that time establishes a moral claim between author and text. And don't forget that the imprinting of a cuneiform text on clay tablets is not only an intellectual achievement, but can safely be regarded as a demanding work of manual labour as well.

In Roman times, poets and public speakers occasionally protested against plagiarism, but such sporadic complaints were apparently never seen as sufficient reason for regulating an author's exclusive claim to his creation. In the Netherlands and the rest of Europe, the earliest copyright dates, as we all know, from the late fifteenth century, after the invention and popularization of the printing press. For centuries – in the Netherlands, *de facto*, up to and including the nineteenth century – this early copyright took the form of a protection for publishers. After the fulfilment of whatever formalities were deemed necessary, the publisher – who at first also often served as printer and/or bookseller – received the exclusive rights to an individual publication, regardless of any originality of the work to be published, and purely as protection against pirate editions. In the seventeenth and eighteenth centuries, this system gradually made way for a universal '*kopijrecht*', again in the interests of the publisher.

On the basis of these well-known facts, what conclusions may we then draw with regard to the historical development of copyright, from the invention of the printing press up to the end of the nineteenth century? Before we draw any conclusions at all, it is important to realize that the word copyright is a collective term of relatively recent date, and that the notion of copyright has undergone countless transformations throughout the five hundred year history of the concept of intellectual property. Accordingly, the first awards of '*kopijrechten*' were also, or perhaps even primarily instruments of censorship, while today's 'copyright' is seen as an articulation of the freedom of expression, and therefore precisely as a weapon *against* censorship.

On the basis of the above, the following three conclusions seem both justified and of import for the remainder of my argument:

1. Only after the rise of the reproduction technique of the printing press did the need become evident for a form of copyright. With Hirsch Ballin and others, one may recognize that the establishment of the earliest copyright belongs culturally and historically to the transitional period between the Middle Ages and the Renaissance;³ this does not, however, detract from the conclusion that the need for protection had a mainly economic background. In all of the many centuries that went before, people

3 E.D. Hirsch Ballin, *Auteursrechtelijke opstellen*, Deventer, 1970, p. 13 ff.

wrote, built, painted and made music, yet – in the older, highly-developed civilizations we know of – the need for an absolute, personal right attached to the maker of a work was never strong enough to result in the establishment of a form of copyright or moral right. In other words, originally copyright was an exclusive distribution right, as applied to an economic *product*, and not to a created *work*.

2. The new production and distribution technology which accompanied the rise of the printing press presented the publisher/printer/bookseller (often one and the same person, as we have seen) with the need to make considerable investments. The awarding of exclusive privileges and '*kopijregten*' can, in a certain sense, be seen – at least from a macroeconomic perspective – as a protection of, and therefore an encouragement to make such investments. In short, copyright by origin can be considered not so much a stimulus for creativity as an incentive to economic activity.

3. The technological innovation of the printing press meant more than simply a huge increase in the scale of distribution and operational possibilities; this innovation also allowed persons other than the publisher himself to easily appropriate a given piece of writing, either partially or wholly, simply by reprinting it. This is a recurrent pattern seen throughout the history of copyright: the rise of new techniques for making, reproducing and distributing works has always meant a concomitant rise in the technical possibilities for use, copying and appropriation. More concisely, as far as information goes: distributive technique always amounts to derivative technique as well.

Before and After Berne

Without digressing into an exhaustive history of copyright, we would do well to recall how, in the early nineteenth century, the ideas of the Enlightenment and the French Revolution merged with the development of modern copyright, and how all this finally culminated in the 1886 Convention of Berne, founded wholly on the concept of exclusive control over the work by its author. From that moment on, a central role was accorded not to the producer, nor even to the product, but to the work as a fruit of creative labour and to the person who created it. Viewed from the historical, more market-oriented origins of copyright, these new and primarily person-oriented aspects are strange elements, no matter how elementary they may seem to us now. These human rights characteristics of modern copyright – such as the right to paternity and to integrity of the work – are, in fact, perhaps even more fundamental than the original economic aspect. As we shall presently see, however, it is not very probable that this subsequent humanistic bias will maintain the upper hand in future developments in this field.

The examples of the former Communist countries, some of which – such as Bulgaria, Hungary, Romania and Czechoslovakia – were long-standing signatories to the Berne Convention, have shown that the existence of detailed national copyright legislation says little about a country's cultural prosperity, nor indeed about the

existence of a tolerant social, cultural and political climate. In addition, we should be foolish to think that a copyright system like that in the Netherlands actually provides the 'creators' of literature, science or the arts with the possibility of supporting themselves by capitalizing on their work. In actual fact, the lion's share of literary, scientific and artistic works in the Netherlands is made possible by means of subsidy or commercial sponsorship, or is created within the terms of an employment contract. Without government subsidies or a basic income gleaned elsewhere, literary writers in the Netherlands – with possibly half a dozen exceptions – are not at all able to live from the sales of their work. For most scientists, royalties are of completely secondary importance, while the majority of other makers (such as sculptors or architects) would receive similar remuneration from their client, employer or sponsor without the existence of copyright.

Where are these heretical comments leading us? Copyright, so attractive when viewed on the legal map, turns out in reality to be an island of water. We can trace its borders from a given angle, even point out a geographical centre, but ultimately we must conclude that so much water has gone over the dam in centuries past that this legal area is no more serviceable for contemporary legal development than, for example, the sixteenth-century feudal system is for modern agricultural legislation, or Hugo de Groot's *De iure belli ac pacis* for the evaluation of new European defence treaties.

The historical ear-mark of copyright has always been that, ultimately, it not only addresses the need for protection of the individual who demands a compensation for services rendered, but equally serves the interests of the community of users of such services. Undoubtedly, this is also how things went with the lobby of publisher-printers in the fifteenth and sixteenth centuries, that of writers and other makers in the eighteenth and nineteenth centuries, and those of translators, film-makers, musical performers and chip manufacturers in the twentieth.

Seen in this light, copyright is a legal area like any other: in its regulatory power, it has – in every age and in all its practical applications – constituted an attempt to strike a balance between private and general interest, between the position of the creator of a work and those who wish to make use of that work in one form or another. With Grosheide, we can wholeheartedly echo Ploman and Clark Hamilton in concluding: 'There is nothing universal about copyright.'⁴

Copyright law, like housing law or labour law, is a means by which to organize a given part of our social system. And, as with housing and labour law, the human (even humanitarian) interests involved in copyright law are so momentous that – in every dealing we have with this field of law – we must be aware of the protective value which these legal structures have accumulated for the individual throughout time, a value that must be weighed with the greatest of care. But we must also ask ourselves whether the market-oriented dimension of copyright, which has gradually been

4 F.W. Grosheide, *op. cit.*, p. 37.

relegated to the background during the past two centuries, can indeed be as easily missed as turn-of-the-century legislators and drafters of treaties seemed to think.

What is a Publisher?

These considerations are of particular importance when we turn our attention to the contemporary publisher. In doing so, however, we must note from the start that, on the whole, the contemporary publishing house is so heterogeneous in aspect that it makes almost no sense to define it under a single term.

When asked to provide a useful definition of the term publisher, I am always reminded of the story of the three blind wise men who asked to be brought to an elephant, so they could ascertain the nature of that illustrious beast. The first wise man, who was holding the animal's tail, stated that the elephant was very like a piece of rope. The second of them, who had hold of the trunk, was convinced that an elephant quite closely resembled a snake, while the third, who was embracing one of the animal's legs, returned home with the conviction that an elephant was nothing but a tree.

What is a publisher? In past centuries, he was an enterprising *homme de lettres* who printed a certain number of copies of authoritative or interesting writings, added his *impressum* to them and then sold them – directly or by way of third parties – to the public. He invested his capital in stocks, the gradual sale of which covered his costs and, after a certain number of copies were sold, he made a profit he could use to continue his business and invest in new projects. Looking at some of today's publishing houses, we may recognize certain basic elements of this historical picture, but it would be preposterous to apply them literally to the current, broad field of the publishing industry as a whole. During the last five hundred years, publishing has undoubtedly undergone far more drastic changes than authorship during the same period.

The contemporary commercial publishing house, like those active in the fields of education, science, culture and entertainment, is part of a widely varied branch of industry. Publishers, for example, include information conglomerates employing tens of thousands of people and engaged in the on-line distribution of professional and scientific information or news bulletins to the practitioners of various professions around the world. Publishers also include media conglomerates, marketing daily newspapers and weekly periodicals, magazines and telephone books, while at the same time running television and radio stations. Publishers are also those engaged in supplying electronic audiovisual products for the professional, educational or consumer markets. And, of course, publishers are also small- or medium-sized companies, varying in the Netherlands from those with 2 or 3 employees to those with 25 or 30, whose work it is to bring general fiction and non-fiction titles to the reader's attention through the printed media, book shops and book clubs. Finally, the field of publishing also includes the man or woman who uses a hand-press in the garage to reprint the

early, uncollected poetry of Herman Cohen Jehoram, in a bibliophile edition to be sold to friends and connoisseurs for 295 guilders per exquisite volume.

Do these totally disparate forms of publishing have anything at all in common? As a binding element, one could state that all these types of publishers comprise a sometimes widely diversified body of networks. Networks of *editorship*, by which the market of authors is reconnoitred for project ideas, by which decisions are made to select publications, and by which publishing projects themselves are initiated; networks of *production*, by which the publications themselves are produced and designed to fulfil their function with an eye to the user; and finally, networks of *sales*, by which the storage, delivery and distribution of the publications is supervised and their availability guaranteed.

To those who prefer to think of the word publisher in terms of the 'cosy', old-fashioned publisher of poetry or novels – as I myself do in day-to-day life – the description given above may sound somewhat cold. Yet it is a fact that even among Dutch *book*-publishers – who in turn constitute only a limited portion of the total media and information industry – less than 10 percent of turnover is achieved with what we, in the very loosest sense of the word, might call 'literary' books.

The very essence of the publishing profession can perhaps be described as the initiative taken to incur 'pilot' costs for or even to invest heavily in, the development and production of an as-yet non-existent text or information product, and in the subsequent professional efforts made to generate – or maintain, as the case may be – sufficient market demand for that product, in order that this demand be met for a given period and thereby allow the investments made to be regained with a certain margin of profit.

Major Trends in Publishing

What, generally speaking, have been the major trends seen in publishing, at least in the Western world, during the last fifty years, and what effect have these trends had on the relationship between publishing and copyright? This is a much too ambitious question to answer in the space of such an article as this, but the following points seem most relevant:

A. The general level of education has risen enormously, and with it the demand for books and magazines. As a branch of industry, publishing has therefore assumed a greater scale and so become more capital- and labour-intensive. In the past, book-publishing was the stock example of a branch of trade with a low threshold: anyone could begin publishing on their own. This has – with the exception of the hobby and amateur circuit – become increasingly scarce. Ongoing specialization, professionalization and internationalization have become self-evident in almost all areas and disciplines within publishing. Some people like to believe that the Internet makes publishers of us all, but as Truman Capote called Jack Kerouac's work 'typing, not writing', so we may

say of all these tens of millions of Internet pages that while they are certainly text and images, they are not – and probably never will be – content, let alone organized content.

B. In addition to *belles-lettres* and works in the fields of philosophy, theology, history and the natural sciences – the ‘home ground’ on which publishing has been active since its inception – publications with practical, educational or news value have gained the quantitative upper hand. The combination of the textual and the visual has become a discipline in itself. On the one hand, this means that many publications are made by a whole slew of authors, usually with a large say on the part of the publisher; on the other hand – and more importantly – this means that a great many publications are of a factual nature, and no longer invested with an individual character. Users are no longer so much interested in information that has been selected personally by an authority; they want the information to be complete, and they will use their search engines to make their own selections. Furthermore, information has a more limited shelf-life, and therefore a shorter economic life-cycle.

C. With regard to the contents of publications, the role of the publisher has also undergone a complete transformation. The value which publishers are wont to add to the author’s work – neat printing and an attractive cover – is these days aimed much more at the content itself and its ‘organization’. The majority of scientific, professional educational and informative publications are currently developed on the basis of initiatives and plans originating from the publisher.

D. The technological developments with regard to text and image have been every bit as far-reaching. The paradox, however, is that while investing in production and distribution technology is usually quite an expensive matter for the publisher, the technology required for the use and reproduction by the end-user is becoming increasingly simple, and therefore increasingly affordable. Thanks to the electronic revolution, furthermore, published products are universally accessible, downloadable and manipulable; what used to be called ‘distribution’ is almost too complex to be overseen by the producer himself.

E. Secondary use (such as lending, rental, document-delivery), as well as forms of reproduction by users that frequently amount to secondary exploitation (such as photocopying, scanning, printing and downloading) have, from a societal, consumer-oriented perspective, become very much a part of everyday life. Producers and proprietors, however, must go to great lengths to maintain a certain amount of control over – or at least obtain a certain remuneration for – this secondary use. In any event, this trend means that a part of the traditional function of the publisher has moved beyond the confines of the market that he is able to control, and so has been lost for the purposes of proper (individual) exploitation.

F. In a time of truncated government spending and a powerful consumer lobby, it is extremely hard to find a willing political ear for copyright interests. To take an example from the world of literary publishing, we need only look at the decades of struggle that were needed in the Netherlands to arrive at a relatively decent, copyright-based Public Lending Right. It is perhaps this grudging political and social climate

with regard to obviously justified claims for remuneration on the part of authors and publishers that has made Dutch literary-book culture a structure held together by countless subsidies.

G. An overview of the many secondary and tertiary uses of published texts and information – radio and television broadcasts, cable distribution of those broadcasts, reprography, university readers, rentals, library lending, downloading, etc. – can only be maintained by means of collective accounting on the basis of blanket agreements. In an increasing number of areas, the traditional, individual publisher's position on the basis of a contractually established copyright is being replaced by the payment – to the maker or others – of collective compensation (based on random survey) for the (re)use of published materials. Once again, questions arise with regard to the organization and allocation of these funds.

H. With regard to the trend seen in publishing towards investments aimed increasingly less at establishing physical stocks and increasingly at developing a 'potential product' – such as an on-line link or rapid reprint capacity – the question arises as to what exactly constitutes the economic book value of a publisher. What does a publisher, working from a rented office, with freelance authors and leased computers, really have to offer in return for capital-market participation? Must publishers hold on with all their might to a complete and unlimited transfer of copyright, along the lines of what has become general practice in the world of film production?

Copyright and Publishing

This (admittedly incomplete, yet, I believe, indicative) summary clearly shows that the undercurrent of trends in the world of publishing, and particularly in scientific and educational publishing, is moving towards an industrialization of information. For years, the activities of multinational publishers such as Elsevier and Wolters Kluwer – along the lines of raw-materials producers like Shell – have ceased to revolve around editorship, production and sales, and now revolve around a colossal information refinery. The raw information refined in this machine is sold at substantial prices (and at terrific profit) regardless of whether that information has an author or is even explicitly in the public domain, as is the case with many legal texts. One aspect of this trend, relevant to the subject of copyright, is that the factor of 'authorship' has been, as it were, disconnected from the factor of 'information'. To put it differently: the product of the publisher of the 21st century is, in fact, increasingly more a service and less a product, while the printers of the century to come are companies such as Microsoft, which supply us with operating systems and search engines to arrange information in an orderly fashion.⁵

5 The equation of the role of Microsoft with that of the traditional printer was borrowed from Herman Bruggink, 'De uitgever moet/zal blijven', a speech to the University of Amsterdam's Institute for Information Law, 7 November 1997 (typescript).

In fact, the truth is even more lurid: not only is the world's largest printer currently resident in cyberspace, but the same goes for the world's biggest book shop, the firm Amazon with its 2.5 million available titles. For the Anglo-American publisher Penguin alone, book sales over the Internet in 1997 reached 10 million US dollars' worth of books, ten times as much as in the previous year.⁶ So much for the traditional British and American publishing agreements, with their careful division of all the world's market territories. In other words, although the big publishers, the big printers and the big book shops of the future are quickly pulling onto the information highway, this picture of publishing's future brings with it the wide-open question of the precise future position of copyright.

Inevitably, the conclusion arises that the role of the copyright in publishing will continue to dwindle in importance, if only because the publisher of the future will increasingly address himself – within the framework of exclusivity established by the law and the courts – to keeping open the lines of service for the availability of information, protected or otherwise, rather than investing in a finished product that is the result of unique auctorial labour. From 'work', information became 'product', and from 'product' it has become 'service'. A further, ongoing collectivization of secondary and tertiary exploitation is, by this token, to be expected.

Herein lies what one could refer to as 'big copyright', in terms of both scale and money. Such a large-scale copyright has a low specific gravity, and need provide no long-term protection. This big copyright will be mainly of a collective nature, for – unlike in the past – it will no longer unconditionally serve the interests of individual proprietors. Large sums of money from such collectively administered copyright revenues are already being siphoned off for socio-cultural causes. For those confronted with the obligation to pay for this big copyright, it will seem a sort of taxation, gruesome as that may sound to traditional copyright scholars. And probably publishers will develop sources of income other than payment by the end-users of information, perhaps along the lines of recent experiments with commercials on telephone lines in exchange for free calls. All this will be a matter for grand-scale, global negotiations in which the traditional concept of copyright will certainly not be the issue at stake.

In addition to this big copyright, which will be the toll paid, as it were, for access to the information highway, a 'small copyright' will continue to exist for those branches of publishing for which it is of importance, such as the publishing of trade and mass-market consumer books, as a continuation of the *droit moral*, the unique bond between an individual author and the work he or she has created. Although model contracts, employer's copyright, subsidy conditions and other factors will continue to exert their influence, this 'small', individual copyright will nevertheless remain an important, though minuscule, kernel of humanity amid the planetary system of information cyberspace.

6 Michael Lynton, 'A Meeting of the Media', *The Bookseller*, 12 December 1997, p. 20.

At this point, as a final image for these orientational notes concerning the interplay between copyright and publishing, a view familiar to the Dutch motorist arises in the mind's eye. A driver heading down a four-lane highway through the centuries-old Dutch landscape will see the occasional eighteenth-century farm standing right next to the highway. It may very well house a well-equipped agricultural operation, which continues to build upon the old craftsman-like traditions of crop-raising or livestock breeding. But access to the traffic rushing by is one thing the farmer does not have. The closest entrance ramp is many kilometres away.

Publishing as a whole has long ceased to be a cottage industry with agrarian tendencies. In the few cottages that are left, time-honoured copyright may still be held in esteem. On the adjacent highway, however, very different rules apply. Perhaps copyright itself – like the more traditional literary-cultural publishing house – is on its way to becoming just such a cosy, old-fashioned cottage, so that Herman Cohen Jehoram and I may have opportunity enough to chat on, across the hedgerow that separates and connects our back acres, about that which will always remain crucial to both copyright law and literary publishing. I'm afraid, though, that – whether we like it or not – readers and writers have more to say on this score than either copyright scholars or publishers.

Herman Cohen Jehoram and the Dutch Copyright Society: A Personal Interpretation*

*Paul Nijhoff Asser***

Long, long ago, when I became a member of the Copyright Society...

Now I shall have to explain, first of all, how I became a member and why. However, this is supposed to be a short piece in Herman's honour, and I feel I should not be too discursive. May the following suffice. In the late Sixties I became a member of the Copyright Society because I was a member of the Copyright Committee of the KNUB, the (then still Royal) Netherlands Publishers Association. At that time, Rob Veltman Fruin was Executive Secretary of that Association, we became friends, and he thought I should become a member. I had been working since the late Forties in a (actually *the*) university book shop in Amsterdam, which included a publishing department, and I felt the need to know a little more about a subject admittedly of great interest to me – otherwise I would not have accepted to serve on that Committee – but of which I (like so many) suspected, time and again, that I knew too little.

That is how and why I became a member. As soon as I joined, I met Herman Cohen Jehoram, around whom one simply could not get. To me he appeared to be cast in the right mould since his father, Martin Cohen, was a bookseller like me; yet a bookseller whom I held in high regard. I did not know Martin Cohen well, but well enough to know that he was an extraordinary person as well as a bred-in-the-bone bookman. Martin Cohen had a very solid academic book shop, the best in the university

* This would have been the only article in this *Festschrift* without any footnotes, since it was written without any reference to an archive or a library of whatever kind, the earlier archives of the Dutch Copyright Society apparently being either inaccessible or no longer in existence. Fortunately, the Standard General Makeup Language, SGML (or its successor, HTML, whatever the initials stand for – I keep forgetting), has made it compulsory for authors to add notes to title and author's name. Or at least that's what I think it has done.

** Paul Nijhoff Asser had only one ambition in life: to become Editor-in-Chief of the famous *Internationales Zentralblatt für Gierschaft und Krankschaft*. In order to achieve this goal, he had to run various unspeakable gauntlets, including spending almost 23 years in Booksellers' and Publishers' Limbo, before he could really enter politics for another 23 years as a lowly servant of his former suppliers. He raises chickens on his sunny terrace in downtown Cairo, loves to reminisce for days on end to no particular audience, and is usually suavely arrogant whenever he appears on television (and also in normal daily life). It was during his years at the *Zentralblatt* that he acquired his writing skills, for which in 1986 his son received the first Copyright Award ever awarded by the Dutch Copyright Society.

town of Delft, and if I remember correctly he also published books; he was someone who, in all modesty, not only pushed our profession upwards but also adorned it.

In my view, therefore, that was a point in Herman's favour. Someone from such a background has to be a good person. Nonsense, obviously, but that was *my* bias. For all I knew he may not even have been on speaking terms with his father, but one has only one father, and it is hard to live as if one hasn't. I remember speaking to him once about his father, but he seemed a bit stand-offish. Later on I realized that it might have been because he did not want anybody to stick a label on him. Were this background to be known widely, he might, as Chairman of the Copyright Society, be accused of one-sidedness or, even worse, of bias. I do hope, however, that he and his father were friends...

So, at least on my part, a relationship was established. I admired Herman from afar, and I enjoyed being a member of the Copyright Society. I tried to attend all its meetings, even those whose subjects were too abstruse for me. I believe most of the subjects dealt with in those days were not so abstruse as to be incomprehensible or unattractive to me; the reason for this belief being that I was an omnivorous animal. Yet I had little time, particularly after I became managing director of the company. From 1970 onwards I had even less time, since a job change meant I had to travel a lot: I had accepted the position of executive secretary of an international association of scientific and professional publishers.

Thus, apart from having a continuing involvement in Dutch copyright law and practice, I started to be much more internationally oriented. And Herman's interest in the ALAI obviously ran parallel to my new life. Soon we met in the hallowed halls of Unesco and WIPO. I am sure I had changed, with an acquired or at least studied international flair and a possibly overdone political attitude, of which I supposed my masters would approve. Nothing of the kind seemed to have affected Herman, who remained stolidly Dutch and simply pronounced his message, on behalf of ALAI, as though he were delivering a lecture to his students at the University of Amsterdam.

Politics, indeed. My level had become international. After a while the Berne Convention (administered by WIPO in Geneva) and the Universal Copyright Convention (administered by Unesco in Paris) became my daily companions, and my knowledge of copyright – which was feeble compared to that of Herman – grew less feeble by the day. Yet the accent shifted to something else. Formerly, the copyright world was confined to a small number of experts – technical experts mostly. They knew all the nuts and bolts not only of the laws and treaties and their history, but of their practical applications as well. The academics and jurists may have been more on the side of the law; the publishers, phonogram and film-makers more on the side of actual daily practice; whatever the division, the copyright world seemed more or less a closed shop. This was changing, even in the Netherlands where a new copyright law was adopted in the early Seventies.

Fairly quickly, new lobbies appeared. Obviously, the lobbies of publishers, of music collection agencies, and even of authors – and, if you wish, those of academics

– had long existed within the narrow confines of the closed shop. However, these were more or less accepted as ‘technical’ entities in their own right. They spoke the same language. Litigation was fairly rare, and differences were often settled among the parties without recourse to the courts. Now new players arrived. The advent of new technology – in particular the photocopying machine – provoked an enormous breach in the defences of the old establishment. The honourable Limpergs of those days, however forward-looking they may have been both in their daily copyright practices and in their attitudes towards legal changes, were startled to find themselves in a rather vulnerable state: their position appeared suddenly to be open to public view. Before, this was unthinkable. ‘We’ were professionals: what were all these laymen doing in our ball park all of a sudden?

This copyright élite, I am sure, existed everywhere. France comes to mind as a country where it perhaps has remained a strong force to this day, particularly in the academic and government areas – *vide* Herman’s battles to modernize ALAI; but in most countries it started to move and change colour. In the Netherlands, the Dutch Copyright Society had always had a particular status as a government adviser, since it was considered to be ‘above the parties’, so to speak; but other organizations now started to lobby firmly for a similar but less neutral speaking tube to the law-makers. All seemed to have their own axe to grind. Never much politically active before, the KNUB now started to be extremely vociferous in its protests against illegal photocopying. So were the other industry organizations who pretended to represent not only their own members but also those who needed their member’s services or on whose behalf they were trying to make money: the authors, or rather – in the language of the Dutch Copyright Law – the ‘makers’ of works of literature, art and science.

This was not always to the taste of these makers, who then – in their various, many-splendoured hues – organized themselves into lobbies, too. Then, before anybody knew what was happening, all the old and new lobbies threatened to become enemies – this usually much to the pleasure of governments, since then they could divide and rule, or play the one against the other. The danger of course was obvious: all the good professional, technical work done so far would be thrown to the winds. Politics was – or at least started to be – the name of the game, and so what the copyright world needed was unity and unity of purpose.

A certain Amadou Mahtar M’Bow, who in those days was Director-General of Unesco, added oil to the fire by stating that copyright – which in his view was too static – should become more dynamic. Clearly this was a reflection of his personal ideas on post-colonial changes in both the developed and the underdeveloped parts of the world. However, it was also a reflection of the changes that were occurring in the various countries, including our own, where the copyright closed shops had been forcibly wrenched open. I remember the horror with which we, blinkered and narrow-minded as we must have been, read about Mr M’Bow’s plans (in fact, he had no plans, nor the slightest idea of what he was talking about, but I do believe he had some intelligent advisers to whom he listened from time to time). Also, the copyright élites

of the old guard, the delegates of the traditional member countries to the copyright meetings of Unesco and WIPO, were horrified when they found that some of their own kind, from countries that once had been staunch defenders of the copyright faith, were now trampling all those fine old copyright principles underfoot. They did this either because their totalitarian or otherwise villainous masters told them to do so, or because they were simply fascinated by the new technologies which allowed their countries free and easy access to literature, art and science for which, they pretended, they used to have to pay through the nose. Or they did it for both reasons.

The international treaties, too, came under close scrutiny. The one-country, one-vote system of the United Nations started to make its effects felt, and it sometimes seemed as though 'the West' embraced only the old-fashioned, technical/professional principles while the new members from the East and the South only thought of politics in general and, in particular, of the political introduction of their best interests into their new copyright laws and the existing treaties. Neither was true nor untrue; the treaties were updated, but only hesitatingly, and although bitter fights were fought, no-one really won. In the end, it was the Berne Convention which really proved to be the mainstay of some hard-core copyright principles, even though it was not really changed: it was 'added to'. The Universal Copyright Convention lost its appeal and action potential because of the defection of the United States and the United Kingdom from Unesco – a bitter *testimonium paupertatis* of these countries to this day.

Through all this, Herman Cohen Jehoram remained himself. He seemed aloof, but never really was: he truly believed in what he stood for, and I recognized that because for me, too, it was a matter of faith. Obviously, we did not always see eye to eye, but I think he respected what we did on the publishers' behalf. My colleagues and I, from the international publishers' NGOs, always (well, maybe not *always*) felt that the ALAI was, in principle, on the side of the righteous or at least on the side of the ('our') authors. And for me personally, there was a family link – after all, one of my great-grandfathers had given the welcoming address at the ALAI Congress held in Amsterdam in 1883.

This brings me back to this country and to the *Vereniging voor Auteursrecht*, the Dutch Copyright Society whose roots go back to those nineteenth-century days, as the Dutch group of ALAI.

Perhaps I am doing a great injustice to people like Theo Limperg, Leo Wichers Hoeth, Rob Veltman Fruin, Rob du Bois, Rob Stuyt and many, many others, but when I, in my day and age, think of the Copyright Society, I think of Herman Cohen Jehoram. He is the flag-bearer, the man who personifies the Society. With his stubbornness, his stiff charm, his curious and wry sense of humour, and his all-pervading perseverance he has been the most important moving power behind it and all its working groups, committees and many 'derivations' such as, to mention only one, the *Stichting Auteursrechtbelangen* (Foundation for Copyright Interests). I had the mild pleasure once to serve on a Committee on New European Plans, whose Dutch name is rather untranslatable (*Nieuwe Europese Plannetjes*: how does one translate the slightly

pejorative but also endearing diminutive?) and also because the abbreviation NEP means 'fake' in Dutch slang. The Committee's chairman was Frits Oppenoorth, also a great copyright enthusiast, whose early death in 1996 was lamented by every member of the Society. Herman's interest in the work of the Committee (each one a volunteer with a busy schedule) was seemingly slight, but when the worst came to the worst – say, at reporting time – he always was stimulating and encouraging, as well as critical in a positive sense. Obviously, he knew as well as the 'specialists' on the Committee what was happening in Brussels, perhaps even better...

What I admire particularly in Herman is his great achievement in moulding the Copyright Society into a group of people who each in his or her own way are involved in, if not committed to, copyright. This was not done in a day, of course. It may have begun already in the late Sixties when everything started to shift. The Society never, at least in my days, lived in an ivory tower. People from all walks of copyright life met each other, formally as well as informally, on that platform. This had many advantages. One was that the 'neutral', balanced status of the Society, as a scholarly association, could be maintained in its contacts with the law-makers. Another was that the typical lobbies – publishers, phonogram and film producers, authors, collecting agencies and others – could meet, as members of the Society, without having all those chips on their shoulders, or at least if they did, the venom was taken out by the mere fact that they could talk to others under the Society's (*read* Herman's) motherly wings.

What I mean to say is that there was no impediment for the traditionalists to shed their old élitist attitude, and no impediment for the new players to propound their new ideas and, even better, to feel at home in the Society. No generation gap, no political correctness – just a solid respect for the scholarly enterprise which, curiously, has been seen to avoid any of the great political controversies with which our American friends always seem to have so much trouble. It may have to do with Herman's own life, a life which went through quite a bit of turmoil, but from which he always seemed to emerge if not victorious then at least with tranquil acquiescence and acceptance of the reality of its outcome, and with a great respect for the differences in people and societies. I can only hope that the Society remains an open one forever; so far, under Herman's guidance, it has done extremely well. One cannot find one other national group of ALAI where the atmosphere is so relaxed and at the same time so well tuned to its purpose: to be a house of learning, but also a touchstone of opinions and of daily problems. [One critical note (Herman, I am sure, will approve): look at the Council – shouldn't there be a publisher serving on it?]

Long live Herman Cohen Jehoram, and *his* Copyright Society!

Copyright in Non-Original Writings Past – Present – Future?

Tobias Cohen Jehoram

Introduction

Although my father has been active in different fields of the intellectual property law science, copyright always stayed closest to his heart. It is probably for that reason that he has written so passionately against one single word in the Dutch Copyright Act.¹ He even qualified this subject as one of the essential issues of copyright law.² He wrote on the subject, lectured about it and debated over it. That one word, however, is still part of the Dutch Copyright Act. But how long will it resist the pressure of international treaties, EC directives and new national legislation?

The Past

THE CREATION

Article 10 of the Dutch Copyright Act of 1912 contains a lengthy catalogue of works that are protected under that Act. Paragraph 1 starts (under 1) with 'books, brochures, newspapers, magazines and *all other writings ...*'. This list differs from the catalogue as contained in Article 2 of the Berne Convention, which mentions 'books, brochures and other writings'. The difference is the word 'all'. It is quite clear that at the time (1912), the government drafted Article 10³ of the Copyright Act in this way with the intention to extend copyright protection not only to works which would meet the originality standard of the Berne Convention, but also to writings which would lack any and all originality. Even though it was clear that the Dutch Act would create protection for works that fall outside the scope of the Berne Convention, the government felt that many printed matters should be protected against copying, as was the

1 H. Cohen Jehoram, 'Schrapp één onzalig woordje uit de Auteurswet 1912', *NJB* 1992, pp. 1542–1543 and many of his publications mentioned below.

2 H. Cohen Jehoram, *Kernpunten van auteursrecht*, Nijmegen 1993, pp. 109–111.

3 At that time, still Article 9.

case under the preceding Act of 1881. Mentioned were such examples as lists of sermons, lists of festivities, and theatre programmes. This protection for non-original writings was a remnant of an eighteenth-century printer's right. The introduction of this right in the modern Act was already at that time heavily criticized.⁴ The protection in non-original writings was nevertheless maintained in view of the political wish to protect substantial investments made by printers and publishers.⁵

Although the copyright in non-original writings was implemented, it remained under constant attack from the side of copyright scholars,⁶ as a copyright in non-original writings of course remained a strange phenomenon. Not only is it contrary to the very essence of copyright, it has also had undesirable practical effects. Where there is a general notion throughout the world that facts in themselves cannot be protected,⁷ a copyright in non-original writings in practice (often) leads to that situation, in particular where exhaustive lists of data are involved.

SITUATION ABROAD

Although the Dutch copyright in non-original writings is in itself unique, similar results have been obtained in Denmark, Finland and Sweden (through catalogue protection), and in the United Kingdom and Ireland (through the 'sweat of the brow' doctrine). This 'sweat of the brow' doctrine was often applied in the United States too, until the United States Supreme Court made it clear that for copyright protection a minimal degree of originality is necessary.⁸ This decision made some of us in the Netherlands feel somewhat uneasy. Where we always felt that we and our continental copyright system were way ahead of the United States – which joined the Berne Convention only in 1989 – we were now faced with the fact that the Dutch Copyright

4 P. Scholten, *Verzamelde Geschriften III*, pp. 531–533; F.W.J.G. Snijder van Wissenkerke, *Het auteursrecht in Nederland*, Gouda 1913, p. 162.

5 Memorie van Toelichting and Memorie van Antwoord on (then) Article 9 Auteurswet 1912, *Parlementaire Geschiedenis van de Auteurswet 1912*, Den Haag 1989, pp. 10.5–10.6 and J.H. Spoor/D.W.F. Verkade, *Auteursrecht*, Deventer 1993, No. 51.

6 Besides H. Cohen Jehoram (see note 1), also: H.L. de Beaufort, *Auteursrecht*, Zwolle 1932, pp. 72–78; L.J. Hijmans van den Berg in his notes under Supreme Court 17 April 1953, *AA III* (1953–1954), p. 128, Supreme Court 27 January 1961, *NJ* 1962, 355 and Supreme Court 25 June 1965, *NJ* 1966, 116; E.D. Hirsch Ballin in his notes under Supreme Court 27 January 1961, *AA* 1961, p. 159 and Supreme Court 25 June 1965, *AA* 1966, p. 345, and in: 'De Herziening der Auteurswet', *WPNR* 1953 (4299), pp. 277–281, 'Pseudo-auteursrechtelijke programmabescherming', *NJB* 1966, p. 710; S. Gerbrandy, *Kort commentaar op de Auteurswet 1912*, Arnhem 1992, pp. 45–47. See also the footnotes in Th.C.J.A. van Engelen, 'De geschriftenbescherming in de Auteurswet en de bescherming van daarmee op één lijn te stellen prestaties', *BIE* 1987, pp. 243–253.

7 Cf. already J. Kohler, *Das Autorrecht, Eine zivilistische Abhandlung*, Jena 1880. See also P.B. Hugenholtz, *Auteursrecht op informatie*, dissertation, Deventer 1989 and E.J. Dommering/P.B. Hugenholtz/J.C. Ginsburg/G.W.G. Kamell/T. Koopmans/M. Vivant (eds.), *Protecting works of fact*, Deventer 1991.

8 *Feist Publications Inc. v. Rural Telephone Service Company Inc.*, Supreme Court of the United States 27 March 1991, case 1282, with note H. Cohen Jehoram, *Informatierecht/AMI* 1991, p. 179.

Act still granted copyright to non-original writings, where the United States applied the Berne Conventions' originality criterion.

LIMITATIONS

It should be noted, however, that the scope of copyright protection in non-original writings has been limited through the jurisprudence of the Dutch Supreme Court. The most important limitations⁹ are that protection is only granted against copying from the writing involved (which lays a heavy burden of proof on the plaintiff)¹⁰ and that not all copyright provisions automatically apply to the protection of non-original writings.¹¹ Every provision of the Copyright Act should be considered separately, and in view of the background of that provision it should be determined whether or not it applies to the protection of non-original writings. In that respect I would for instance assume that there is no protection of moral rights for non-original writings, as an emotional bond between author and work usually does not exist in those cases and a change in data will not harm the reputation of the author as 'creator'. Also it is necessary that the writings are made public or are intended to be made public.¹² Because of these limitations, the copyright protection in non-original writings has also been called a 'pseudo-copyright'¹³ or even 'a protection overdressed as a pseudo-copyright in non-original writings'.¹⁴

This pseudo-copyright in non-original writings is important to the Dutch public broadcasting associations. The allotment of broadcasting time among them is dependent on the strength of their respective memberships which, in turn, are based on subscriptions to the radio/television guide each broadcasting association publishes. The above-mentioned jurisprudence weakened the position of public broadcasters, as it was up to them to prove that a defendant had used their broadcasting data as the source for his competing publication. This judicial condition therefore effectively weakened the position of the entire broadcasting system.¹⁵ In order to protect it, part of the pseudo-copyright was transferred to the Dutch Media Act.¹⁶ This new provision in the Dutch Media Act placed the burden of proof of non-copying on the defendant, and in that sense broadened the pseudo-copyright.¹⁷

9 For a complete list see J.H. Spoor/D.W.F. Verkade, *op. cit.*, No. 55.

10 Supreme Court 27 January 1961, *NJ* 1962, 355.

11 Supreme Court 25 June 1965, *NJ* 1966, 116.

12 See note 11.

13 See note 6 and H. Cohen Jehoram, note under ECHR 6 July 1976, *AA* 1979, p. 145.

14 H. Cohen Jehoram, 'Hybrids on the borderline between copyright and industrial property law', *RIDA* 153, 1992, pp. 74-145.

15 H. Cohen Jehoram, note under Supreme Court 4 January 1991 (*Grote Van Dale*), *AA* 1992, p. 31.

16 Article 22 Omroepwet, later Article 59 Mediawet.

17 For an overview of the history of broadcasting data protection in the Netherlands, see P.B. Hugenholtz, 'Het einde van het omroepbladenmonopolie nader', *Mediaforum* 1995, pp. 82-87.

Later on the copyright protection in non-original writings was (inevitably) limited by competition law. The Magill decision made clear that an abuse of a dominant position could occur when copyrights are (ab)used in order to protect such a position.¹⁸ In this case the intellectual property owners with respect to broadcasting data tried to prevent the introduction of a new product on the TV-guide market (a TV guide containing the broadcasting data of different broadcasters) by refusing to provide those data under a licence. This was considered an infringement of Article 86 of the EC Treaty. The same doctrine has been applied in the Netherlands in the case of a telephone directory on CD-ROM.¹⁹ Although pseudo-copyright protection for the list of names, addresses and telephone numbers was granted, the appellate court did consider the possibility that PTT Telecom was abusing its dominant position by refusing to grant Denda a licence under reasonable terms.

EXTENSION

Not only has the pseudo-copyright in non-original writings been limited, but the number of works protected under it has been greatly extended. Article 47 of the Dutch Copyright Act states that it has effect with respect to works that have been published in the Netherlands and to works the author of which has Dutch nationality or is domiciled in the Netherlands. This excluded direct applicability of the pseudo-copyright to foreigners or foreign works. Also, foreigners do not have the possibility to claim rights under the Berne Convention, as that Convention does not provide for a copyright in non-original writings. However, the fact that foreigners (as opposed to Dutch nationals) do not have a copyright in their non-original writings in the Netherlands contravenes Article 6 of the EC Treaty,²⁰ which forbids discrimination on the basis of nationality. This follows from the decision in the *Phil Collins* case.²¹ Many remember who first recognised the true impact of this decision, which indeed turned out to have the effect of a landslide.²² As a result, in the Netherlands pseudo-copyright protection should now be granted to the non-original writings of all nationals of EC member states.²³

18 ECJ 6 April 1995 joint cases C-241/91 and C-242/91 (*Magill*), AA 1995, p. 111 with note H. Cohen Jehoram and K.J.M. Mortelmans.

19 Court of Appeal Arnhem 15 April 1997 (*PTT/Denda*), *Mediaforum* 1997, p. B-72.

20 H. Cohen Jehoram in his note under Supreme Court 4 January 1991 (*Grote Van Dale*), AA 1992, p. 40.

21 ECJ 20 October 1993 joint cases C-92/92 and C-326/92, *Informatierecht/AMI* 1994, p. 91.

22 H. Cohen Jehoram, 'Het Phil Collins-arrest: een aardverschuiving in het (inter-)nationale auteursrecht', *Informatierecht/AMI* 1994, pp. 83-87.

23 H. Cohen Jehoram in *Nimmer-Geller* (1996), the Netherlands, § 9[1][b] and H. Cohen Jehoram, 'The EC copyright directives, economics and authors' rights', *IIC* 1994, p. 826; District Court Den Bosch, 11 March 1994, *NJ* 1995, 107 with note D.W.F. Verkade.

Another extension of pseudo-copyright protection in non-original writings lies in the fact that Dutch courts tend to grant that protection not only to physical writings, but also to compilations of electronic data.²⁴

PSEUDO-COPYRIGHT IN PRACTICE

With all the limitations and extensions as indicated above, Dutch courts have granted pseudo-copyright protection to telephone directories,²⁵ broadcasting data,²⁶ hit parades,²⁷ lists of basic advertisements,²⁸ lists of stock prices,²⁹ catalogues,³⁰ game rules,³¹ directions for use,³² address lists,³³ theatre programmes³⁴ and word-puzzle dictionaries.³⁵

The Present

The tide does, however, seem to have turned on the pseudo-copyright in non-original writings.

SOFTWARE DIRECTIVE

The first indications thereof can be found in the Software Directive.³⁶ This directive set an important precedent for exclusively originality-based copyright protection. Article 1 paragraph 2 of that directive states that the ideas and principles contained in computer programs and in interfaces are not protected. Furthermore a computer program will be copyright protected (par. 3) *only* if it is original in the sense that it constitutes the author's own intellectual creation. No other criteria may be applied to

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- 24 Cf. President District Court Haarlem 10 July 1996 (*PTT/Vuurwerk*), *Computerrecht* 1996, pp. 198-201; Court of Appeal Arnhem 15 April 1997 (*PTT/Denda*), *Mediaforum* 1997, p. B-72, and implicit: President District Court The Hague 20 March 1998 (*Vernande/Bojkovski*), *Informatierecht/AMI* 1998, p. 65.
- 25 President District Court Haarlem 10 July 1996 (*PTT/Vuurwerk*), *Computerrecht* 1996, pp. 198-201 with note P.B. Hugenoltz; Court of Appeal Arnhem 15 April 1997 (*PTT/Denda*), *Mediaforum* 1997, p. B-72.
- 26 Supreme Court 25 June 1965, *NJ* 1966, 116, with note L.J. Hijmans van den Berg.
- 27 President District Court Amsterdam 10 February 1977 (*Nederlandse Top 40*), *Auteursrecht* 1977, p. 66.
- 28 President District Court Zutphen 19 July 1984 (*Vraag en Aanbod*), *BIE* 1985, p. 148.
- 29 Court of Appeal Amsterdam 15 June 1917 (*Vereeniging voor de Effectenhandel*), *W* 10.163.
- 30 District Court Amsterdam 17 May 1989 (*Bureauklapper*), *Informatierecht/AMI* 1990, p. 51 with note H. Cohen Jehoram.
- 31 President District Court Assen 25 July 1978 (*Valkuil*), *BIE* 1979, p. 161.
- 32 District Court Amsterdam 3 June 1981 (*Dievenklauwen met montagevoorschriften*), *BIE* 1984, p. 325.
- 33 President District Court The Hague 21 May 1991 (*Nijgh/Samsom*), *BIE* 1993, 92.
- 34 Court of Appeal Amsterdam 4 February 1913, *NJ* 1913, p. 1107.
- 35 District Court Amsterdam, 15 June 1976 (*Super Groot Puzzelwoordenboek*), *BIE* 1978, p. 9.
- 36 91/25/EC of 14 May 1991, *OJ L* 122/42.

determine the eligibility of a computer program for this protection. This made it perfectly clear that copyright protection for non-original computer programs would not be allowed under the directive. In the Netherlands, this subject had led to a fiery dispute about a pseudo-copyright protection for computer programs.^{37,38} With the implementation of the Software Directive, computer programs were excluded from pseudo-copyright in the Dutch Copyright Act, simply by stating that computer programs are not part of 'all other writings'.

DATABASE DIRECTIVE

During that time, the need for protection of databases became more urgent. After the Feist decision³⁹ it became clear to the negotiators working on the European Database Directive that copyright is not the proper tool with which to protect databases. The Database Directive⁴⁰ therefore contains a *sui generis* protection for those databases that are not original. This directive in a first draft only related to electronic databases, but now covers all collections of works, data or other independent elements that are organized systematically or methodically, and that can be accessed through electronic means or in any other way. This is an extremely broad definition of databases. Indeed it seems to cover all non-original writings to which pseudo-copyright has been granted in the Netherlands. If the obtaining, the checking or the presentation of the content of a database in respect of quality or quantity represents a substantial investment, then *sui generis* protection is granted. This seems to create a protection for all the non-original writings that have been considered worthy of protection under the pseudo-copyright. If no substantial investment was made, protection falls outside the quintessence of the copyright protection in non-original writings. Therefore, with the implementation of the Database Directive the need for such a pseudo-copyright protection seems to have disappeared.

Furthermore, the Database Directive again (indirectly) harmonises the originality test that should be applied under copyright law. Article 3 paragraph 1 states that a database shall be protected by copyright if it is original in the sense that it is a collection of works or materials which, by reason of their selection or their arrangement,

37 On the one hand: H.R. Furstner/J.E.M. Galama/D.W.F. Verkade (reporter)/J.E. Vos, 'Report The Netherlands, Q 57, Protection of computer software', *AIPPI Annuaire* 1987/II, pp. 154–163, H. Cohen Jehoram, 'Computerprogramma's in de Auteurswet', *NJB* 1988, pp. 355–357; H. Cohen Jehoram, 'Herovering van koloniaal bezit', *NJB* 1988, pp. 784–787.

38 On the other hand: D.W.F. Verkade, 'Juridische bescherming van programmatuur', *BIE* 1983, pp. 298–303; D.W.F. Verkade, 'Computerprogramma's en geschriften: een onverstandige Nota van Wijziging', *BIE* 1988, pp. 46–52; D.W.F. Verkade, 'Computerprogramma's in de Auteurswet 1912: het vierde regime...', *Computerrecht* 1992, pp. 86–97; A. Patijn/F. Vellinga-Schootstra/P. van Dijken/D.W.F. Verkade, 'Gegevensbescherming, Preadviezen voor de Nederlandse Juristenvereniging', *Handelingen der Nederlandse Juristenvereniging*, deel I, Zwolle 1988.

39 See note 8 *supra*.

40 96/9/EC of 11 March 1996, regarding the protection of databases, *OJ L* 77/20.

constitutes the author's own intellectual creation. This originality test is, of course, the same as the originality test as prescribed in the Software Directive. But also the Database Directive does not leave it at that. It states (Article 3 paragraph 1) that no other criteria shall be applied to determine the eligibility of a database for this (copyright) protection. This clause therefore explicitly *forbids* copyright protection of databases that are not the author's own intellectual creation, these of course being non-original writings.⁴¹ Also, in the explanatory notes to the directive (paragraph 3.2.6), the European Commission is quite clear in stating that non-original databases should not be able to profit from (pseudo-)copyright protection: 'It would be an unacceptable extension of copyright and an undesirably restrictive measure if simple exhaustive accumulations of works or materials, arranged according to commonly-used methods or principles could attract protection on the same basis as other literary works'. The notion that – according to the directive – certain databases (broadcasting data, telephone directories) should be excluded from pseudo-copyright protection in non-original works has been broadly accepted in the Netherlands.⁴² But it goes further than that. Because the definition of databases is so broad (it even covers my Saturday shopping list), the pseudo-copyright becomes practically void: all those non-original writings that can and will be considered databases *may* not be protected under copyright law.

Although the Database Directive should have been implemented in the Netherlands by 1 January 1998, at the time of writing not even an official draft has been sent to the Dutch parliament.

COMPETITION LAW CONCERNS

Meanwhile political pressure on the public broadcasting system will probably lead to the abrogation of the broadened pseudo-copyright for broadcasting data in the Dutch Media Act.⁴³ This development should be seen in connection with the introduction of a new Competition Act in the Netherlands. Under the old Act, actions of newspapers trying to force the public broadcasting associations to provide their broadcasting data were unsuccessful because of the legal basis for that monopoly. The current changes are (also) clearly meant to make it possible for other market parties to obtain the broadcasting data.⁴⁴ Indeed, *De Telegraaf* newspaper has filed a complaint with the

41 H. Cohen Jehoram, 'Ontwerp EG-Richtlijn databanken', *IER* 1992, pp. 129–133.

42 H. Cohen Jehoram, 'Ontwerp EG-Richtlijn databanken', *IER* 1992, pp. 131–132; P.B. Hugenholtz, 'Het einde van het omroepbladenmonopolie nadert', *Mediaforum* 1995, p. 86. W.B.J. van Overbeek, 'De ontwerp EEG-richtlijn betreffende de rechtsbescherming van databanken', *Informatierecht/AMI* 1992, p. 123; H.M.H. Speyart, 'De databank-richtlijn en haar gevolgen voor Nederland', *Informatierecht/AMI* 1996, p. 178.

43 Cf. P.B. Hugenholtz, 'Het einde van het omroepbladenmonopolie nadert', *Mediaforum* 1995, p. 82; K.J.M. Mortelmans, 'Mediadingingswetgeving', *NJB* 1997, p. 581.

44 K.J.M. Mortelmans, 'Mediadingingswetgeving', *NJB* 1997, pp. 581–583.

newly created Dutch Competition Authority (Nederlandse Mededingingsautoriteit), which, in a provisional decision, concluded that the public broadcasting organizations were abusing their dominant position by refusing to provide those data.

Any Future?

Given all these developments, the question of course arises whether or not it is desirable to maintain the anomalous pseudo-copyright protection in non-original writings, or indeed if maintaining such a protection would still be allowed.

PSEUDO-COPYRIGHT DOES NOT FIT THE COPYRIGHT DOCTRINE

Already in 1912 the copyright in non-original writings was inconsistent with the Berne Convention and with international copyright traditions. In the draft for a new Book 9 of the Dutch Civil Code, E.M. Meijers had deleted the word 'all' from the first title thereof. Already then he proposed to formulate the definition of copyright protected works in such a way that it would be in agreement with the Berne Convention, the *communis opinio* of the legal science and the practice at it is anywhere else. Therefore, in his view, it would suffice to just follow the text of Article 2 of the Berne Convention.⁴⁵

NO PRACTICAL INTEREST IN PSEUDO-COPYRIGHT

Also, there does not seem to be any practical interest in maintaining the pseudo-copyright in non-original writings any longer. The broadcasting data will at any rate be protected under a new Database Act. The same *sui generis* protection will be granted to any database (now: protected non-original writings) that has been collected or maintained through a substantial investment, so that no economic interest remains for the protection of non-original writings. As those writings are non-original, there also does not seem to be any moral justification for such protection.

PSEUDO-COPYRIGHT AND IMPLEMENTATION OF THE DATABASE DIRECTIVE

Given these circumstances, one would expect that with the implementation of the Database Directive the pseudo-copyright in non-original writings would disappear. However, it seems as though this will not be the case, at least if the current draft of the

⁴⁵ Verslag der Commissie inzake Herziening van de Auteurswet (Commissie Alingh Prins), The Hague 1952 and footnote 13 in the work referred to in note 1 above.

Database Act is implemented.⁴⁶ According to this draft text, databases *that represent a substantial investment* would be excluded from pseudo-copyright protection in non-original writings (as had happened with computer software in the past), but the notion of a pseudo-copyright would (again) be maintained. According to the explanatory notes to the draft, this pseudo-copyright could still give protection for databases that have not been obtained or maintained through any substantial investment. However, not only is pseudo-copyright protection undesirable from a legalistic and a practical point of view, it is also contrary to the notion of the Software Directive, the provisions of the Database Directive and even the history of the copyright in non-original writings itself.

The Software Directive made it perfectly clear that it would not be permissible to grant any protection (thus also excluding copyright protection) to software that lacks originality.

The Database Directive explicitly excludes copyright protection for the wide range of non-original collections of data called databases, which basically covers all non-original writings protected under the pseudo-copyright in the past. The Database Directive does *not* leave room for (pseudo-)copyright protection in a non-original database, also not if the database does not represent a substantial investment (contrary to what the current draft proposes). Not only did these two directives *create* protection, they also clearly *limited* copyright protection for writings and (compilations of) data that do not show any originality. It would be contrary to this clear harmonization of the originality threshold for copyright protection to maintain the pseudo-copyright in non-original writings.

PSEUDO-COPYRIGHT AND ITS RATIONALE

Maintaining copyright protection for non-original writings would furthermore be contrary the rationale for implementing that protection in the first place. Although the legislator was heavily criticised for maintaining protection for non-original writings (which was outdated already in 1912), he did so because of the substantial investments that were protected in that way. Maintaining the pseudo-copyright in non-original writings (databases) that explicitly do *not* represent any substantial investment (as the current draft text suggests) would itself therefore (also) be contrary to the objective of that protection.

46 This draft is not an official document but was presented to the court dealing with the case: President District Court The Hague, 20 March 1998 (*Vermande/Bojkovski*), *Informatierecht/AMI* 1998, p. 65. On 20 July 1998, the bill for the Database Act was introduced in the Dutch Parliament (nr. 26 108).

Conclusion

Although a pseudo-copyright in non-original writings is undesirable, without practical merit and contrary to national and international legislation, the Dutch Copyright Act threatens to enter the twenty-first century without having been adapted to notions that have been common ground since the late nineteenth century.

Some things come too early (such as, for some: retirement), some things come too late (often: recognition), and some are long overdue. Quaedvlieg⁴⁷ wrote in 1987: 'The pseudo-copyright could just as well be an independent right of intellectual property, separate from copyright'. Now that even such a separate right *will* be created,⁴⁸ is it not high time to delete that one wretched word from the Dutch Copyright Act?

47 A.A. Quaedvlieg, *Auteursrecht op techniek*, dissertation, Zwolle 1987, p. 60.

48 Although implementation of the Database Directive is overdue, no 'database rights' can yet be claimed: President District Court The Hague 20 March 1998 (*Vermande/Bojkovski*), *Informatierecht/AMI* 1998, p. 65.

Copyright and Human Rights

François Dessemontet

Professor Herman Cohen Jehoram was among the first scholars – and probably the very first European scholar writing in English – to draw attention to the implications of copyright for the exercise of human rights. His contributions in this respect were both enlightening and – how could it be otherwise? – critical of the trend to overextend the protection of copyright to the detriment of the freedom of expression.¹

The aim of the following observations is to take up again the balancing exercise² between copyright and human rights at a time when the spreading of copyright throughout the world, in the wake of the TRIPs and the WIPO treaties of 1996, should be paralleled by more respect for the right of journalists to investigate and the right of artists and intellectuals – and indeed of all human beings – to express themselves.

Copyright as a Human Right

MERCANTILISM VS. HUMAN RIGHTS

Copyright was first introduced as a privilege to favour printers and authors, both in England³ and in France.⁴ The copyright model still has a flavour of indirect help by the state in the creation and marketing of cultural goods. This model has been revived in the TRIPs agreement and displays the great advantage of making copyright as palatable to government officials and consumers' advocates as the protection of trademarks and patents for inventions, since it is premised on the same economic assumptions. As a side effect, however, the *droit moral* is lost for developing countries; they will be bound by TRIPs and will feel free to disregard moral rights, as Article 9 (I) excludes them from its scope. It is somewhat paradoxical that the economic

1 See e.g., H. Cohen Jehoram, 'Freedom of Expression in Copyright and Media Law', [1984] EIPR 3 *et seq.* (excerpt from his contribution to *Festschrift für Eugen Ulmer, GRUR Int.* 1983, pp. 385–389). See also in Dutch: 'Auteursrecht contra vrijheid van meningsuiting?', *NJB* 1974, pp. 1391–1405.

2 See M. Sayal, 'Copyright and Freedom of the Media: a Balancing Exercise?', [1995] 7 *Ent.L.Rev.* 263 *et seq.*

3 See P. Goldstein, 'Copyright and the first Amendment', [1970] 70 *Col.L.Rev.* 983.

4 A. Lucas and H.-J. Lucas, *Traité de la propriété littéraire et artistique*, Paris 1994, No. 7 and fn. 46 *in fine*.

arguments for copyright protection are least convincing when looking at the national interests in the less developed countries of the world, however, whilst arguments derived from human rights, the need to protect local folklore and other 'moral' considerations should rather strike a chord with the people in those countries, in many of which human rights are still something of a novelty.

Article 27 (2) of the Universal Declaration of Human Rights as adopted in Paris on 10 December 1948 solemnly states that:

'Everyone has the right to the protection of the moral and material interests resulting from any scientific, literary or artistic production of which he is the author.'

In 1960, René Cassin observed that this provision was still shrouded in penumbra.⁵ Although Europe had missed the opportunity to take up a similar provision in the European Declaration of Human Rights in 1950, Article 15 (1) (c) of the UN Covenant on Economic, Social and Cultural Rights adopted on 16 December 1966 mentions intellectual property.

To some extent, the Universal Declaration and the UN Covenant mark the apex of the French vision of literary and artistic property, as opposed to the Anglo-American 'mercantilist' view as enshrined in the TRIPs. Such opposition should not be over-emphasized, however, as it is possible to hope that moral rights deriving from other common-law traditions or newly enacted US or state laws may play an increasing role in the future.⁶ Nevertheless, those new developments are less visible abroad. Therefore, the overall significance of the Universal Declaration of Human Rights and of the 1966 Covenant should be made clearer in teaching throughout the world. Although no new impetus towards precise legislation may be expected from the 50-year-old Universal Declaration, more understanding for copyright might develop among the legal profession and among people in the street.

PRECEDENTS

Some scattered precedents may show the possible impact of the recognition of copyright as a human right.

In the well-known case decided by the Paris Court of Appeal on 29 April 1959,⁷ Charlie Chaplin, a British subject, was granted the rights of a Frenchman in France regarding his moral right by way of an assimilation based on Article 27 (2) of the

5 'L'intégration, parmi les droits fondamentaux de l'homme, des droits des créateurs des oeuvres de l'esprit', in *Mélanges Marcel Plaisant*, Paris 1960, p. 225.

6 See A. Strowel, *Droit d'auteur et Copyright*, thesis, Bruxelles 1993, 538 *et seq.*, p. 560 (more than 10 states have followed California's lead in enacting statutory protection for some moral rights).

7 See *Société Roy Export Company Establishment et Charlie Chaplin v. Société Les films Roger Richebé*, RIDA 28 (July 1960) 133; Dalloz 1959. 402, n. Lyon-Caen and Lavigne; JDI 1960. 128, n. Goldman.

Universal Declaration. This moral right to the integrity of his film had been violated by the unauthorized addition of a soundtrack. Also, his financial interests had been damaged.

The direct application of the Universal Declaration was also accepted against the Turnerization of the Asphalt Jungle in the very first judgment, which was handed down in that French saga.⁸ According to the *Tribunal de grande instance* of Paris, 'the author is the true creator'; thus, 'French law conforms to the international legal order' as restated in Article 27 (2) of the Declaration.

Not every French judgment admits such a generous applicability of international treaties.⁹ French authors are of divided opinion as regards the direct application of Article 27 (2).

The traditionalist approach is 'sceptical towards all and every reference to the human rights and, more generally, to the public law in our matter of copyright, which belongs to private law'.¹⁰ The progressive stance favours the direct application of such a fundamental charter.¹¹ To the extent that peculiar French traditions such as a strict separation between public and private law are concerned, this is not the place to dwell upon the controversy. Nonetheless, there is a different side to the direct application of the Universal Declaration and to the 1966 Covenant. The freedoms and human rights that are recognized in the European Convention are considered to be of direct application, even between individuals.¹² They may play a more important role in the life of companies and economic entities in the future.¹³ It may be argued that the direct application of various basic provisions of the Rome Treaty, such as the prohibition of discrimination between EU nationals in the *Phil Collins* case,¹⁴ opened the way for a more frequent, direct application of the European Convention on Human Rights throughout the European continent. Although the countries party to the Rome Treaty are less numerous than those that are party to the Convention on Human Rights, and although the European Union is a quite different institution than the Council of Europe, there will in the future be a tendency to emphasize the direct applicability of all fundamental provisions

8 See Trib. gr. inst. Paris. 23 November 1988, *RIDA* 139 (January 1989) 205, n. Sirinelli; *JDI* 1989, 1005, n. Edelman; *Dalloz* 1990, somm. 52, n. Colombet.

9 See e.g., Cass. civ. 10 March 1993 (regarding the Convention on the Rights of the Child [New York, 20 November 1989]): *JCP* 1993 I 3677.

10 J. Raynard, *Droit d'auteur et conflits de lois*, thesis Montpellier, Paris 1990, pp. 619–620, (citing decisions by the French Conseil d'Etat against the direct application of the Declaration, fn. 494 *in fine*).

11 See B. Edelman, note in *JDI* 1989, p. 997. On this case, see also A. Françon, note in *RIDA* 143 (January 1990) 339; A. Kéréver, note in *RIDA* 169 (July 1991) 161; J.C. Ginsburg and P. Sirinelli, 'Authors and Exploitations in International Private Law: The French Supreme Court and the Huston Film Colorization Controversy', 15 *Columbia VLA Journal of Law and the Arts* No. 2 (1991) 135 *et seq.*; A. Kéréver, note in *RIDA* 164 (April 1995) 399.

12 See e.g., for the freedom of investigations and the right not to disclose the source of information the case decided on 27 March 1996, *Goodwin v. United Kingdom* (16/1994/463/544).

13 See J.-F. Flauss, 'La Convention européenne des droits de l'homme: Un nouvelle interlocutrice pour le juriste d'affaires', *Revue de Jurisprudence de Droit des Affaires* 1995, 524 *et seq.*

14 See H. Cohen Jehoram, 'The EC Copyright Directives, Economics and Author's Rights', [1994] 25 *IIC* 825.

of the new European legal order to come, allowing therefore private individuals to complain about the behaviour of other private entities which could appear to be in violation of human rights. Why then should the Universal Declaration of Human Rights not benefit from the direct applicability of the European Convention on Human Rights?

Technicalities or national traditions are a poor ground for denying such a sweeping development. As the *Phil Collins* case demonstrated, copyright law shall not stand preserved of all such awakening to the human right philosophy, as it was not left untouched by the European anti-discrimination provision (which is admittedly not a human right, benefiting all human beings whatever their origin).

Besides Article 27 (2) of the Universal Declaration and other similar provisions, copyright might enjoy the protection as a right of property, as is recognized in, for example, Germany.¹⁵ The protection of property does not appear to be conducive to much progress for the copyright of authors or composers, but may assist in the protection of these neighbouring rights that are premised on financial investment, such as the rights of broadcasting organizations and record producers.

In the future, the protection of property may give legal entities and other investors in the technological market (software producers, multimedia producers) a claim against misuse of their creations. Nevertheless, there should be no opposition to the idea that the protection of financial investment is somewhat less important than the freedom of authors and artists to create new works. As we shall be dealing here mainly with the tension between copyright and freedom of creation, no further exploration of these neighbouring rights is necessary.

On the other hand, neighbouring rights that are afforded to performers or orchestras may impede the freedom of creation, as was witnessed five years ago by the claims brought against Michael Jackson by a symphony orchestra in the American Mid-west because Jackson had borrowed approximately thirty seconds of a performance for the opening of a song.

In the future, copyright and performer's rights law shall be confronted by the freedom to create.

Freedom to Create

Article 27 (1) of the Universal Declaration states that:

'Everyone has the right freely to participate in the cultural life of the community, to enjoy the arts and to share in scientific advancement and its benefits'.

15 See for all H.-J. Papier, in T. Maunz *et al.*, *Grundgesetz*, II, Munich 1994, No. 195-198 ad par. 14, pp. 111-112. See also M. Vivant, 'Le droit d'auteur, un droit de l'homme?', *RIDA* 174 (October 1997), 71 *et seq.*; for this author, copyright falls under the constitutional right to the protection of property, as do the patents for invention. See also H. Cohen Jehoram, 'Urheberrecht: eine Sache des Rechts oder der Opportunität?', *GRUR Int.* 1993, 120.

This is a complement to the freedom of thought, speech and opinion (see Articles 18 and 19). The first sentence was seen in 1948 as the principle of freedom to create (*'principe de la liberté créatrice'*); the second as the enjoyment by the consumers of all the ensuing benefits.¹⁶

Characteristically, the United States, the United Kingdom, the Scandinavian countries and a few other states objected to the adoption of Article 27 (2) on the rights of authors and inventors on the strength of Article 27 (1): how could the declaration simultaneously proclaim the freedom to create, the freedom to benefit from the creation and the protection of intellectual property?¹⁷ It is somehow typical of the American reasoning regarding copyright to oppose the interests of consumers to those of authors and performers.¹⁸ Fortunately, the TRIPs have settled many questions in that regard.

We are more interested here in the purported conflict between the freedom to create and the protection of intellectual property. If there is such a conflict, what method should be applied to solve it?

FREEDOM OF CREATION VS. PROTECTION OF COPYRIGHT

The freedom of creation is not first and foremost a political right, as is on the whole – but not only – the freedom of speech.

The freedom of creation is not a freedom of opinion; although a creation may convey an opinion, that fact alone does not justify the freedom of creation. For example, an Asiatic photographer recently organized in Neuchâtel, Switzerland, an exhibition of photos showing various bridges and other locations where suicide could be easy. The message might have been clear. Nevertheless, the right to create is not to be assimilated to the freedom of speech or to the freedom of opinion (which could both entail that the exhibition is permissible *per se*, given that minors are excluded). In fact, no one will object to the photographers visiting the various spots and taking pictures. Thus, the freedom to create is recognized even if some ulterior steps might well be restricted due to the prevailing ethic.¹⁹

Therefore, it appears that the freedom of creation is a condition precedent to the unfettered exercise of the freedom of speech and of opinion. They stand respective to each other as, *mutatis mutandis*, stood the former common-law copyright and the copyright in published materials. By the same token, a wide understanding of the

16 See R. Cassin, p. 228, citing P. Valéry.

17 See R. Cassin, p. 230. For other reasons put forward against the proposed provision, see doc. UN/A 2929 (French version) p. 355 (Ch. 24) (the question would have been too complex to be dealt with in a short provision).

18 See P. Goldstein, *Copyright's Highway: from Gutenberg to the Celestial Jukebox*, New York 1994, p. 168 *et seq.*

19 See H. Cohen Jehoram, *GRUR Int.* 1983, p. 389, for a film entitled 'The Many Faces of Jesus Christ' that could have hurt the feelings of spectators; *cf.* the decision of the European Court of Human Rights of 25 November 1996, *Wingrove v. United Kingdom*, (19/1995/525/611).

freedom of speech shall encompass the freedom to create, as a wide understanding of copyright shall attach not only to published productions, but also to unpublished ones.

Now, the protection of copyright may conflict with the freedom to create each time a 'creator' feels like borrowing. We are here at a more difficult juncture than when copyright protection is invoked against the publication of a series of biographical articles concerning Howard Hughes.²⁰ In the case where copyright protection is pitted against the public need for information, a satisfactory answer can be derived most often through the dichotomy *idea* (freely available) vs. *expression* (reproducible only with the authorization of the copyright owner).²¹ Thus, the public interest should never allow for the broadcasting of an interesting video without the consent of the author.²²

On the contrary, when the freedom to create of artist A means for him that he should take an excerpt (recognisable however) from the work of artist B, as in so many collages; or when the same drive to expression means for artist A that he should make a forgery of artist B's well-known paintings, the conflict cannot be solved by the dichotomy *idea/expression*. Now, the case of the forgery may seem devoid of real interest, because some criminal provisions may apply, at least as soon as steps are taken to market the forged paintings. Further, copyright law prohibits forgery as copying, but private use may legitimize this copying. On the other hand, collages are not necessarily covered by the exception for private use, and all laws do not know of the exception for excerpts and citations, especially where plastic works are at stake.

It would seem utterly incomprehensible to an artist that collages should avoid using excerpts from copyrighted works. For multimedia producers, it is baffling that they should ask for authorization from every and all copyright holders. For contemporary musicians, they sometimes speak of being stifled by copyright law which favours concentration of rights in the hands of a few rights holders. For a writer, it seems peculiar that the story of another writer cannot be transferred to other times and other places, with other names, without violating the copyright of the first author.²³

The common ground of these complaints is that copyright interferes with ulterior creation: the law does not clearly establish a priority of the artist who is active now *vis-à-vis* the artist (or his successors in title) who was active before him.

Needless to say, copyright law did not set such a priority because the 'artistic' drive to originality was thought to preclude the need for copying. It was considered that the most basic instinct to create led artists to do something novel. For the few areas where the need

20 *Rosemont Entreprises, Inc. v. Random House, Inc.*, 366 F. 2d 303 (2d Cir. 1966), commented upon e.g., by P. Goldstein, [1970] 70 *Col.L.Rev.* 985.

21 See for all the case of Escadrille Normandie-Niemen, Trib. gr. inst. Seine, 9 January 1962, *Roger Sauvage v. Sté Alkam, Sté Cinedis, Sté Franco-London Film*, RIDA 35 (April 1962) 135.

22 For a strange decision to the contrary (the public interest to know about the disastrous consequences of taking drugs during a rave party outweighs any consideration relating to copyright, at least in hearing a preliminary injunctive relief), see *Beggars' Banquet Records Ltd v. Carlton Television Ltd and Another*, [1993] EMLR 349, p. 372.

23 See e.g., *Régine Deforges et Editions Ramsay v. Trust Company Bank et consorts Mitchell*, Court of Appeal Paris, 21 November 1990, RIDA 147 (January 1991) 319, and Cass. civ., 4 February 1992, RIDA 152 (April 1992) 196-197.

to copy was recognized, copyright law and precedents provided for exceptions, for instance, concerning parody and excerpts. As the main thrust of most judiciary actions aimed at prohibiting piracy, it was a rare event that a court had to analyze counterfeiting through the partial reproduction of a pre-existing work within a new work.²⁴

It is our understanding that rules for parody, excerpts and fair use – when they exist – suffice to protect the freedom of the artist. There is at present no need to go beyond the clearly delineated exceptions to copyright as embedded in the copyright legislation. Nevertheless, the freedom to create may interfere with copyright on the level on constitutional rights rather than mere legislative enactments.²⁵

Therefore, it is interesting to try and outline a method for balancing the freedom to create and the human right to the protection of copyright.

BALANCING THE FREEDOM TO COPY WITH THE COPYRIGHT

Various requirements could be established in order to legalize the borrowing of a work:

- a. The creation of a second work according to the prevailing standard of originality. For example, Eugen Ulmer advocated the idea that the first work should ‘fade away’ (*verblässen*) in the second work in order for the borrowing to be permissible.²⁶
This methodology could be named ‘balancing the originality’. The greater the originality of the second work, the more likely it is that the first work will ‘fade away’.
- b. The first work or its excerpts may be *unrecognisable*, although technically copied. This may be the case in sound sampling, when sounds are copied, but no recognisable title by a given band.²⁷ The requirement of unrecognizability is not suited to the need of the compulsive copiers who asserts their freedom to create through copying.
- c. The *proportionality* test may help: the task is to define the two terms of the proportion. The proportion may be established between the part which is borrowed and the part which is new.²⁸ The proportion may also be made between the market lost (if at all) by the author of the first work and the gains of the second author. Some works that are rather utilitarian may be substituted for the original

24 For such a case, see *Campbell v. Acuff-Rose Music Inc.*, 114 S.Ct. 1164 (1994); Landgericht Berlin, 13 December 1972, *GRUR* 1974, 231 (case *Marlene Dietrich v. Ulrike Meinhof*); Trib. gr. inst. Paris, 9 January 1970, *JCP* 1971 II 16645.

25 See e.g., European Court of Human Rights, 9 June 1997, case *Telesystem Tirol Kabeltelevision v. Austria*, (21/1996/585/640/824) (violation of Article 10 ECHR by the Austrian Law on Broadcasting).

26 See E. Ulmer, *Urheber- und Verlagsrecht*, 2nd ed., Berlin 1960, p. 140.

27 Cf. R. du Bois, ‘Les aspects juridiques du sound sampling’, *Bull. du droit d’auteur* 1992 (2), p. 6.

28 See a Swiss case stating that defendant’s computer software was 90% different from the allegedly infringed program: therefore no copyright violation was found to exist: Sup. Trib. Aargau, 31 July 1990, *Rev. Suisse Prop. Int.* 1991, 79 *et seq.*, p. 86.

one.²⁹ There should be consensus that no freedom to copy may then be invoked.³⁰

It should be noted that the *proportionality* test (whether on the portion of the original work which has been copied or on the market shares and power of substitution) is at the core of Sec. 107 of the US Copyright Act on fair use. Would it be simpler to enact a test of fair use in all European legislations?

- d. Fair use is a multifaceted concept that may help courts that have not internalized the rule '*de minimis non curat praetor*'; it may even make the WIPO Copyright Treaty more agreeable to developing countries.³¹ Nevertheless, the fair use doctrine is not directed mainly toward the creation of derivative works; rather it purports to find a just balance between copyright and teaching, education and access to information.

Fair use may be an escape from the conflict between freedom of education, freedom of information and protection of intellectual property. It is too general a concept to give an answer where the freedom to create is at stake – not to mention its lack of foreseeability,³² *which should perhaps not be held against it as it is shared by all general tests. The basic idea of fair use is nowhere more appropriate than in the case of a creator who is a compulsive copier. But is he deserving of protection?*

Conclusion

Copyright as a human right conflicts with the right to copy, to make collages, to cite, to enrich one's work with the shining feathers of another's peacock. There is undoubtedly a freedom to create, and copyright cannot prohibit any and all borrowings. Style is free, ideas are free, and sometimes even plagiarism could be allowed. The only remaining question is therefore: can an author validly plead his own imaginative deficiency? Could he be heard arguing for his compulsive copying habit? Is this the freedom that the Universal Declaration of Human Rights purports to protect? Of course, true parallel creations shall remain free.³³ Otherwise, no freedom should prevail on the rights of the copyright owner.

29 See for a French version of a software, Court of Appeal Paris, 11 January 1990, *PIBD* 1990 III 157; for a photograph scanned and reworked without authorization, Trib. gr. inst. Paris, 22 March 1989, in B. Edelman, 'Chronique de propriété littéraire et artistique', *JCP* 1990 I 3433.

30 See I. Cherpillod, *L'objet du droit d'auteur*, thesis Lausanne 1985, p. 168 (and for the proportionality test in parody, pp. 159–160).

31 See the Preamble *in fine*.

32 See D. Nimmer, 'United States', in *International Copyright Law and Practice* (P.E. Geller, M.B. Nimmer, eds.), New York 1996, § 8, p. 146 fn. 170 *if*.

33 See G. Karnell, 'Die Doppelschöpfung als urheberrechtliches Problem', in *Mélanges Joseph Voyame*, Lausanne 1989, p. 149.

A Concept of '*Domaine Public Payant*' in the Field of the Neighbouring Right of Performers

Adolf Dietz

Introduction

Proposals to introduce a 'paying public domain' (*domaine public payant*), be it in the modernized form of a right of the community of authors¹, hardly meet with enthusiasm in professional circles. If I remember correctly, my friend and European co-fighter for better copyright (authors' rights) protection, Herman Cohen Jehoram, also takes a rather sceptical position in this particular field. Many think, indeed, that copyright protection has nothing to do with cultural or social policy deliberations. I think, however, that this negation of a cultural or social dimension of copyright law, based on a purely individualistic and property right concept of copyright, represents a *petitio principii* which does not take into consideration that copyright law itself is an instrument of cultural policy as is clearly expressed by old and new legitimation formulae of copyright protection.

Unfortunately, as Herman Cohen Jehoram himself has demonstrated for the Netherlands², in many countries the constitutional basis for copyright is virtually absent or extremely underdeveloped. This is true, *e.g.* also for Germany where the Constitution (*Grundgesetz*) of 1949 mentions copyright (*Urheberrecht*) only in the context of the regulation of the exclusive legislative competence of the Federation.³ In contrast, the democratic forerunner of the Federal Republic of Germany, the Weimar Republic (1919–1933), had provided a rather concrete constitutional guarantee of the rights of authors,⁴ according to which intellectual labour, the right of the authors, the inventors and the artists 'shall enjoy protection and care by the Reich'.⁵

1 See Dietz, 'A Modern Concept for the Right of the Community of Authors (*domaine public payant*)', *Copyright Bulletin* (UNESCO) vol. XXIV No. 4 (1990) p. 13 *et seq.*; see generally also Dittrich (ed.), *Domaine Public Payant*, Vienna 1993 (ÖSGRUM Series vol. 13).

2 See Cohen Jehoram, 'Urheberrecht: Eine Sache des Rechts oder der Opportunität? Eine alte Debatte ohne Ende in den Niederlanden', *GRUR Int.* 1993, p. 118 *et seq.*; Dutch version in *Informatierecht/AMI* 1992, p. 63 *et seq.*

3 See Art. 73 No. 9 of the Constitution.

4 See Art. 158 of the Weimar Constitution of 1919.

5 Original German text: 'Die geistige Arbeit, das Recht der Urheber, der Erfinder und der Künstler genießt den Schutz und die Fürsorge des Reichs'.

The scarcity of constitutional guarantees for authors' rights in European countries contrasts sharply with the famous constitutional provision as contained in Art. I Sec. 8 Clause 8 of the United States Constitution of 1787, namely that Congress shall have power to promote the progress of science and useful arts, by securing for limited times to authors and inventors the exclusive right to their respective writings and discoveries. Even if, from a formalistic point of view, this clause is only an empowering clause it can also be understood as a constitutional guarantee.⁶ It cannot be denied, however, that this American provision – be it an empowering clause, be it a constitutional guarantee – is based on a property right concept⁷ (an exclusive right for limited times), a concept which certainly has influenced copyright theory all over the world. It can, however, also not be denied that the ultimate legal political goal behind copyright protection is a utilitarian one, namely the promotion of science and art, and that between that goal and the property rights approach there is a means and purpose relation. Therefore, the ultimate goal of copyright protection would not *a priori* exclude other means than simply granting individualistic property rights to achieve the same goal. In addition to that, why should we take the positions of our forefathers in the eighteenth century as the indisputable truth when we know much better today that a market economy based on property rights has also a social dimension (*soziale Marktwirtschaft*) and that promotion of culture and creativity is, at least according to the still prevailing Continental European view, not exclusively a matter for the market.

As far as international law is concerned, it is true that the famous legitimation formula of copyright (authors' rights) as contained in Art. 27(2) of the Universal Declaration of Human Rights of 1948 also starts from an individualistic point of view since according to it 'everyone has the right to the protection of the moral and material interests resulting from any scientific, literary or artistic production of which he is the author'. This, of course, partly stems from the human rights approach of French copyright theory, based on the old legitimation formula of the French revolution, namely 'La plus sacrée, la plus légitime, la plus inattaquable et ... la plus personnelle des propriétés, est l'ouvrage fruit de la pensée d'un écrivain' (Le Chapelier, 1791).⁸

Given that the formula of Art. 27(2) of the Universal Declaration corresponds almost literally to Art. 15(1)(c) of the International Covenant on Economic, Social and Cultural Rights of 1966,⁹ the human rights approach is characteristic also of the latter instrument which, in contrast to the Universal Declaration, is a binding international instrument as far as its more than one hundred and twenty Member States are concerned. But the 'right to the protection of the moral and material interests' of an author or 'the right to benefit' from such a protection is a rather flexible formulation;

6 Cf. also Cohen Jehoram, *loc. cit.* p. 118 as well as generally Goldstein, *Copyright. Principles, Law and Practice*, Boston/Toronto/London 1989, vol. 1, p. 4 *et seq.*

7 See Goldstein, *loc. cit.* p. 5.

8 See Lucas and Lucas, *Traité de la propriété littéraire et artistique*, Paris 1994, p. 11.

9 'The States Parties to the present Covenant recognize the right of everyone: ... c) To benefit from the protection of the moral and material interests resulting from any scientific, literary or artistic production of which he is the author.'

it must not necessarily and in all respects take the form of a property right. It can – as several modern copyright legislations already do¹⁰ – take the form of special or additional rules within a copyright protection system which more or less clearly show that modern copyright protection systems have social and cultural functions to fulfil, too. A special régime annexed to a modern copyright regulation, generating income from the use of no longer individually protected works could then not be declared contrary to the general goals of copyright protection.

This is particularly true in view of the more modern legitimization formulae of copyright protection as used in the preamble (the recitals) of several European Copyright Directives, in particular in recitals 10 and 11 of the so-called Term Directive.¹¹ If recital 11 of the Term Directive speaks of the necessity to establish a legal environment conducive to the harmonious development of literary and artistic creation, recital 10, quoting a communication of the European Commission, stresses the need to harmonize copyright and neighbouring rights at a high level of protection, since these rights are fundamental to intellectual creation and that *their protection ensures the maintenance and development of creativity in the interest of authors, cultural industries, consumers and society as a whole.*

Without doubt, individual protection rights are also intended here, but, in the same way as in the old American example, there is a relation of means and purpose; in addition to that, copyright law is clearly embedded in a larger political and utilitarian framework of cultural policy. Once more, a concept of a public paying domain seems not to be in contradiction at least with such a general framework, which is demonstrated also by the fact that a number of copyright regulations do or did provide for such a régime.¹² Since a régime of a paying public domain would also have to regulate the use of – no longer protected – works, the general context with techniques of copyright regulation, i.e., regulation of the use of works, is still maintained.

On the other hand, from an economic point of view, as Prof. Hubmann¹³ demonstrated 40 years ago, a system of 'domaine public payant' is nothing other than a revolving system of author's remuneration where the dead generation cares for the living generation of authors, whereby the works and recordings of the latter will in

10 See, e.g., the provisions of several European countries (such as Austria, France and Spain) allocating part of the income from private copying régimes *ex lege* to cultural and/or social funds, or Art. 8 of the German Law on the Administration of Copyright and Neighbouring Right of 9 September 1965 according to which collecting societies shall set up welfare and assistance schemes for the holders of the rights and claims that they administer.

11 Council Directive 93/98/EEC of 29 October 1993 harmonizing the term of protection of copyright and certain related rights, *OJ* No. L 290 of 24 November 1993, p. 9. See also, e.g., recital 9 of the Rental Right Directive (Council Directive 92/100/EEC of 19 November 1992) as well as recitals 1 and 3 of the Satellite and Cable Directive (Council Directive 93/83/EEC of 27 September 1993).

12 See, as far as member countries of the European Community are concerned, Dietz, *Copyright Law in the European Community*, 1978, p. 162 ff.

13 See Hubmann, 'Kulturabgabe (Urhebernachfolgegebühr)', *GRUR* 1958, p. 527 *et seq.*; 532 *et seq.*; the same, 'Die Zuständigkeit des Bundes für die Urhebernachfolgevergütung', *UFITA*, vol. 36 (1962) p. 396 *et seq.*; the same, *Urheber- und Verlagsrecht*, 3rd ed. 1974, p. 185.

turn produce income for future creative generations. This is particularly true in the case of difficult works which often receive financial reward only after the death of their authors.

We will not, however, at this point further develop the general idea and explanation of a possible régime of '*domaine public payant*', not least in order not to repeat older statements.¹⁴ On this occasion we would rather like to raise the question whether such a concept of a '*domaine public payant*' or a 'community right of authors' could not be extended to the field of neighbouring rights in favour of the community of living performers; in the same way such a 'community right' should generate income from the use of no longer protected public domain recordings. As we will see, a number of special elements – in particular the fact that there is not yet a very large repertoire of such recordings – could make the community right of performers even a privileged candidate for such a new instrument of 'development of creativity' by means of a modernized copyright regulation. In other words, since mostly for technical reasons, use of public domain recordings seems not to be an outstanding feature of the contemporary use of existing recordings, in particular of recorded music, the introduction of a future obligation to pay remuneration for the use of no longer protected recordings would appear as a continuation rather than a revolutionary change of established practices in the music sector.

The Actual Situation: A Rather Restricted Number of Public Domain Recordings

Why is it that, in contrast to the almost countless number of public domain works of literature and art, in the field of recordings of performances, e.g., the neighbouring rights of performers, the existing public domain repertoire appears to be still very small, and even smaller if one thinks in terms of immediately usable phonograms? Of course this situation is due to the fact that the recording techniques were invented only in the last quarter of the nineteenth century, and truly marketable products were available more or less only from the end of that century and the beginning of the twentieth century.¹⁵

¹⁴ See Dietz, *loc. cit.* (*supra* notes 1 and 12).

¹⁵ A brief overview taken from *The New Encyclopaedia Britannica*, 15th ed., Chicago/London etc., 1974 vol. 12, p. 693 *et seq.*: The development of musical recordings began in 1877 with experiments made by the U.S. inventor Thomas Alva Edison. Between 1888 and 1894 recordings were already made in Europe, even by Johannes Brahms, and in the United States by the Polish pianist Josef Hofmann. In 1894 the brothers Charles and Émile Pathé began to record singers whereby within a decade their catalogue boasted some 12,000 items. Meanwhile, Emile Berliner, a German immigrant living in Washington, D.C., used a disc rather than a cylinder and began manufacturing gramophones and discs in 1894, establishing representations in London, in Berlin and in France; in the United States the Berliner organization was to turn into the giant Victor company.

In spite of a dynamic start of the recording industry, early recording materials were not very stable. In relation to well-known, pioneering recordings – such as Caruso's voice or recordings of concerts directed by Toscanini or of songs sung by Marlene Dietrich – generally speaking it seems that the number of immediately usable public domain recordings of that era is relatively small indeed. On the other hand, the more sophisticated recordings from the second half of the twentieth century are still protected, according to the general rule of 50 years protection after publication (or fixation).¹⁶ Consequently a larger, economically interesting repertoire of public domain recordings will in the near future be built up only step-by-step and year by year; then, however, it will occur relatively rapidly, bearing in mind the large number of technically still excellent and generally available recordings from the 1950s and 1960s (e.g., the recordings of Beatles songs).

In Germany there is an additional reason why more than a negligible public domain repertoire of old recordings has been built up, but only since 1990, when the 50-year rule was finally introduced into German copyright law. Until then, the term of protection had been, theoretically, only 25 years, but in view of relatively complicated earlier and transitory provisions of copyright law this shorter period of protection had almost no practical effect.¹⁷ As a result of successive regulations and changes of approach since 1910, only in relatively rare cases of performers dying early could a public domain repertoire be formed. In practical terms, it is only since 1990, when the publication (or fixation) of a performance became protected for a period of 50 years, that a regular 'annual ring' of no longer protected recordings has entered the public domain in Germany. At the end of 1991, for example, this concerned all recordings published in 1941 or earlier; the same applies now, at the beginning of 1998, to all performances published in 1947 (or earlier). As a consequence, at the moment (1998) the public domain repertoire of recordings in Germany as in most other countries, at least in Europe,¹⁸ still only concerns recordings made in the first half of the twentieth century as mentioned earlier; consequently, the number of easily available and usable public domain recordings is still not very large. This allows us to discuss in a relatively relaxed atmosphere whether we should establish a *domaine public payant* in that field in the future.

16 See, e.g., Art. 3 of the European Term Directive or Art. 14(5) of the TRIPs Agreement or, more recently, Art. 17 of the WIPO Performances and Phonograms Treaty of December 1996.

17 See, in particular, Art. 135a of the Copyright Act of 1965, introduced in 1972 as a consequence of a decision of the German Constitutional Court of 8 July 1971 (*GRUR* 1972, 491 – *Schallplatten*). The court did not voice dissent that the earlier, much longer quasi-copyright granted to performers (together with a protection period *post mortem*) under the Copyright Statute of 1901/1910 was transformed into a neighbouring right under the new law, in parallel with the shortening of the period of protection to 25 years. The court did not, however, allow the new, much shorter period of protection to be retroactively applied without restriction.

18 In the United States, sound recordings are considered as works but will normally have, under the work-made-for-hire rule, a protection period of 75 years from the date of publication; the latter, however, does not simply apply retroactively; see Wagner-Silva Tarouca, *Der Urheberrechtsschutz der ausübenden Künstler und der Tonträgerproduzenten in den USA*, Munich 1983, p. 74 *et seq.*

Why a *Domaine Public Payant* in the Field of the Neighbouring Right of Performers?

Introduction of a kind of *domaine public payant* (DPP) in the field of performances appears to be technically relatively easy for several reasons. First of all, the period of protection and the way this is calculated has been harmonized, at least throughout the European Union; as mentioned, we are reckoning in 'annual rings' here. In view of a specific recording, normally the only thing we need to know is the year of its (first) publication or alternatively of its fixation;¹⁹ according to Articles 3(1) and 8 of the Term Directive its protection runs until the end of that year plus 50 calendar years. There will certainly come into existence a common awareness within the music industry concerning what recordings are already in, or are about to enter, the public domain. Still, as already mentioned, the public domain repertoire is not very large at the moment; higher quality recordings made in the second half of the twentieth century will enter the public domain only in the next decades (such as the Beatles songs published in the 1960s). If a paying public domain were introduced now (for example, beginning 1 January 2000), users of recorded music, collecting societies as well as the general public would have enough time to prepare for the new régime.

As far as, apart from the exclusive rental right of performers, (secondary) uses of protected recordings take place on the basis of a legal licence (remuneration right),²⁰ the public domain in that field would simply mean continuation of such a remuneration right in favour of the institution or fund representing living performers and administering the DPP. Of course, the collection of the remuneration concerned should be directly entrusted to the relevant collecting societies which already exist in the field of neighbouring rights of performers. Inasmuch as the latter societies conclude, for the sake of simplicity, so-called repertoire contracts with users of published performances on the basis of lump-sum payments, the best solution appears to be to add a percentage of the contracted lump sum in favour of DPP, whereby this percentage could be increased from time to time (even from year to year) corresponding to the annual growth of the public domain repertoire.²¹

The benefits for the active and living generation of performers, who are often not the highest earners, would be two-fold. On the one hand, money collected by cultural

19 The other alternative, namely the first communication of a fixation to the public (see Art. 3(1) of the Term Directive) is impractical and shall be disregarded here. In addition to that, Art. 3(1) of the Term Directive (as well as Art. 14(4) of the TRIPs Agreement) is imprecise since a period of protection for a performance makes sense only when the latter is fixed. Clearer as regards this are the relevant provisions in Art. 17 of the WIPO Performances and Phonograms Treaty as well as in Art. 82 of the German Copyright Act (as amended).

20 See, e.g., Art. 8(2) of the Rental Right Directive as well as Articles 76(2) and 77 of the German Copyright Act.

21 Concrete figures should be based on socio-legal studies of the relevant proportion of public domain repertoire in various fields of use of recordings, in particular by broadcasters, such as classical or pop channels.

and social funds under a legal régime of DPP could be used – in the same way as under a comparable régime in favour of authors – either for *social purposes*, such as special pension funds for retired performers or stipends for young, promising performers, in particular in the field of modern classical music, or for *cultural purposes* such as subsidies for economically risky but culturally important recordings, etc.

On the other hand, an obligation of users of recorded music (and of other recordings) to pay more or less comparable fees for the use of public domain recordings as for protected recordings could represent an important competitive advantage for the same active and living generation of performers, normally profiting from the DPP régime. Playing old non-protected music simply for the reason of cost reduction would be without interest or at least less attractive. In view of the repertoire contracts mentioned above, this would be true in particular for new forms of 'public domain channels' which could otherwise come into existence in the near future. A barrier to this would indirectly favour a living music scene and thus be culturally advantageous.

Conclusion

We will not enter into more details here, since our purpose was to present the general idea of a paying public domain in the field of the neighbouring right of performers. Hopefully we were able to demonstrate that such a system is technically feasible without cumbersome new administrations and exorbitant costs. This is true, in particular, when its application is restricted to those cases where collecting societies are already active.

Politically, however, this and other proposals to introduce a *domaine public payant* will not be accepted quite so easily. Nevertheless, if we think of the realities of the music market where more than 80 per cent is controlled by five or six major companies with all their potentials of global music marketing, it should be asked whether the original bond between copyright protection and promotion of creativity still exists in an adequate form. This can be questioned, in particular, from the perspective of smaller countries with less important repertoires of protected and non-protected recordings. At least an adequate amount of copyright income should, one way or the other, remain within a specific country in order to avoid the basic legitimization of copyright as an instrument of promotion of creativity becoming totally lost, at least from the perspective of that particular country.

I believe that in the long run, national copyright and also neighbouring rights protection cannot simply mean an infrastructure for the collection of money for foreign right holders; therefore some counterbalancing instruments must be invented. One of them could be a system of *domaine public payant* in the field of authors' rights as well as in that of the neighbouring right of performers.

Damages for Copyright Infringement in Germany

Thomas Dreier, M.C.J.

As the negotiations concerning the enforcement provisions of the TRIPs Agreement and the work subsequently undertaken by the TRIPs Council have demonstrated, major differences still exist regarding the remedies available in cases of infringement of intellectual property rights. Furthermore, in the field of copyright, little comparative material seems to be available.¹ The following outline – dedicated to Herman Cohen Jehoram, who has always been an open-minded mentor to me, the much younger researcher – is intended as a small contribution towards the much larger task of future European or even international harmonization of remedies for intellectual property infringement.

Copyright and General Civil Law Remedies

According to § 97 (1) of the German Copyright Act (Urheberrechtsgesetz; UrhG), anyone who, acting with intent or negligence, infringes someone else's copyright in a protected work² is liable for damages. However, as in most other countries, the notion of 'damages', and how they are computed, is defined by general civil law (§§ 249 *et seq.* of the German Civil Code, BGB).³ According to these rules, damages resulting from an infringement are computed by way of the so-called balance method (*Differenzmethode*), which compares the monetary value of the total property of the person whose rights were infringed after the infringement has occurred against the

1 See, e.g., in the Netherlands *Deurvorst, Schadevergoeding, voldoening van een redelijke gebruiksvergoeding en winstafdracht bij inbreuk op intellectuele eigendomsrechten*, Deventer 1994, and in Switzerland v. Graffenried, *Vermögensrechtliche Ansprüche bei Urheberrechtsverletzungen*, Zürich 1993. – Regarding the enforcement of intellectual property rights, including copyright, see the national answers to the WTO questionnaire Dok. IP/C/5, Doks. IP/N/6/ (http://www.wto.org).

2 In contrast to the German industrial property laws (see §§ 139 (2) PatG; 24 (2) GebrMG; 14a (1) GeschmMG; 37 (2) SortenSchG, and 9 (1) HalblSchG), the German Copyright Act does not provide for a reduction clause which would leave it to the judge's discretion to reduce the amount of damages in the case of only slight negligence even down to the advantage the infringer has retained from the infringement. Historically, the reduction clause goes back to the nineteenth century, when patent infringers were not subject to liability for damages in cases of slight negligence.

3 For the express statutory provision entitling the injured party to obtain a recovery of the infringer's profits in lieu of damages, see *infra* 2). Regarding compensation for immaterial harm inflicted, see *infra* 4).

hypothetical state of his or her property had the infringement not occurred.⁴ The difference, which covers the total loss,⁵ therefore includes both actual losses (*damnum emergens*) and lost profits (*lucrum cessans*).

Applied to the infringement of intellectual property rights, however, this method would mean that the value of the infringed person's property would only be diminished if the rightholder was willing to grant a licence and if the infringer would have been prepared to pay for a licence had the infringement not occurred. In all other cases (i.e. the rightholder would not have granted a licence; the infringer would not have paid for a licence had he or she not infringed), there is no licence 'lost', nor is the rightholder's option diminished to use the right himself or to grant licences to third parties. Hence, under this approach, neither actual damages nor lost profits may be ascertained.⁶ Of course, in theory the rightholder may always prove additional damages, e.g. especially those resulting from the fact that the market is misled as to the origin and/or the quality of the infringing articles (so-called *Marktverwirrungsschaden*).⁷ But as with any decline in the rightholder's market share, in practice it will be almost impossible to prove the causal link between such a decline and the particular infringement in question.⁸

Copyright and Special Ways of Computing Damages

If things were left at that, in most cases no legal protection at all would be available against the infringement of copyright (or of intellectual property rights in general). Consequently, the German courts have remedied this situation mainly in two ways:

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- 4 This method goes back to Mommsen, *Beiträge zum Obligationenrecht II; Zur Lehre von dem Interesse*, Braunschweig 1855, S. 3. For the subsequent attempts to come to terms with the problems posed by this approach see, e.g., Lange, *Schadensersatz*, 2nd ed., Tübingen 1990, § 1; Magnus, *Schaden und Ersatz*, Tübingen 1987, p. 9 *et seq.*; Schlechtriem, 'Schadensersatz und Schadensbegriff', *ZEuP* 1997, p. 232 *et seq.*
 - 5 The so-called principle of total compensation ('*Totalersatz*': the person infringed shall not suffer a single penny of loss); moreover, it should be noted that the idea of exact compensation likewise leads to the principle of prohibition of enrichment ('*Bereicherungsverbot*': the person infringed shall not gain a single penny). However, these two principles are not always easy to reconcile.
 - 6 See, e.g., Staudinger/Medicus, *Kommentar zum BGB*, 12th ed., Berlin 1983, § 249 note 178 *et seq.* The same is true in the exceptional case where the infringement in question leads to an increase in the sales of the rightholder; see the classic case RGZ 35, 63 – *Ariston*.
 - 7 See, e.g., BGH *GRUR* 1959, 331 – *Dreigroschenroman*; BGH *GRUR* 1980, 841 – *Tolbutamid* (patent law). However, there will be no finding of misleading the market in cases where the rightholder would have been prepared to grant a licence to the infringer anyway.
 - 8 Here, even a generous use of § 287 of the German Code of Civil Procedure (ZPO), which allows the judge to freely estimate damages, provided the plaintiff has shown sufficient evidence on which such estimation can be based, is not of much help; see also BGH *GRUR* 1993, 55 – *Tchibo/Rolux II*.

THREE WAYS OF CALCULATING DAMAGES (DREIFACHE SCHADENSBERECHNUNG)

First, besides proving *actual damages*, the infringed rightholder may also calculate damages in two additional ways, namely by way of the so-called licence analogy and by way of a handing over of the infringer's profits.⁹

The *licence analogy* is based on the assumption that the objective value of the licence determines the extent of the damage caused to the rightholder. Bolstered by the equitable argument that the infringer should not be better off than a law-abiding licensee, and that the infringer cannot appropriate the value of the licence and at the same time argue that the licence was of no value to the rightholder, it is considered irrelevant whether or not the rightholder was willing to license at all and whether or not the infringer would have applied for a licence had he not infringed. Therefore, in general civil law literature, the licence analogy is often not regarded as a remedy for damages but rather for unjust enrichment.¹⁰ At times, the idea of a fictitious licence agreement is invoked, which the rightholder concludes with the infringer upon acceptance of compensation.¹¹ The amount of damages to be paid according to the licence analogy is based on what reasonable parties would have agreed upon as remuneration, had a valid licence agreement been concluded. In addition, at least in patent cases, the courts consider any other element which distinguishes the position of the infringer from the position of a regular licensee, whether or not this is to the advantage of the rightholder.¹² This approach should result in an increase of the licence fee to be paid by roughly one percentage point,¹³ but the courts have so far refused to

9 See, e.g., BGH GRUR 1980, 227, 232 – *Monumenta Germaniae Historica*. The rightholder may choose from the different forms of computing damages until compensation has been paid. In particular, the rightholder can use his or her claims to information in order to find out which method of computing damages is most advantageous to him or her; BGH GRUR 1993, 55 – *Tchibo/Rolux II*. The threefold possibility to compute damages is also open to the infringed holder of any other intellectual property right, including the person who was subject to passing off with regard to their products (§ 1 UWG); see BGH GRUR 1993, 757 – *Kollektion Holiday*.

10 See, e.g., Sack, 'Die Lizenzanalogie im System des Immaterialgüterrechts', in *Festschrift Hubmann*, Frankfurt 1985, p. 373 *et seq.*; v. Caemmerer, 'Bereicherung und unerlaubte Handlung', in *Festschrift Rabel*, Tübingen 1954, p. 354.

11 See, e.g., BGH GRUR 1993, 899, 901 – *Dia-Duplikate*; Schrickert/Wild, *Urheberrecht*, Munich 1987, § 97 note 60.

12 BGH GRUR 1980, 841 – *Tolbutamid*; GRUR 1982, 286 – *Fersenahstützvorrichtung*. Thus, the regular licence fee is, e.g., increased by the interest not paid by the infringer, by a proportionate part of the development and market introduction costs, and by the fact that the infringer may invoke the non-protectability of the invention used; deductions from the regular licence fee are made where the licensee also obtains certain know-how, and it shall likewise be a factor for deduction that the infringer does not have a legally secured position and therefore runs a risk of losing investments. There has been concern that such an approach does not properly reflect what reasonable parties would have agreed upon under normal circumstances.

13 See Rogge, 'Schadensersatz nach Lizenzanalogie bei Verletzung von Patenten, Urheberrechten und anderen Schutzrechten', in *Festschrift Nirk*, München 1992, p. 942. This means that if the usual royalty rate is 5 per cent of the net sales price, the infringer would have to pay 6 per cent, i.e., a 20 per cent increase in the licence fee ordinarily paid by the lawful licensee.

increase the regular licence fee automatically.¹⁴ Thus, in many cases the licence analogy, which in practice is the most widely used means of computing damages in Germany, means hardly more than an involuntary licence. Especially in cases where the infringer is not really hit by an injunction order,¹⁵ and has made a financial gain by selling and/or using the infringing copies, the remedy of damages has little if any preventive effect whatsoever. However, in this respect, at least two decisions of the first (copyright) Senate of the BGH seem to be more promising to the rightholders.¹⁶

Handing over of the infringers' profits, the third way of calculating damages, is based on the assumption that the profits made by the infringer are identical to, or at least indicia for, the profits which the rightholder could have made him or herself had the infringement not occurred. Obviously, the foundation of this assumption is rather weak,¹⁷ and it has been pointed out repeatedly that the proper legal basis for any such claim would be found in *negotiorum gestio*, which however presupposes actual knowledge of the infringement.¹⁸ At least in copyright law, § 97 (1) UrhG contains an express statutory basis for the recovery of profits *in lieu of* damages. Although in theory, recovery of the infringer's profits may indeed seem to be a deterrent, rightholders hardly ever make use of it.¹⁹ This is mainly due to the fact that it is difficult to prove which part of the infringer's profits may be causally linked to the particular infringement. Furthermore, in order to protect the infringer's business secrets and to prevent spying on competitors, the courts often allow only the information necessary to calculate the former's profits to be given to a certified accountant, who can then be asked specific questions by the injured party.²⁰ Finally, computing profits according to the full cost principle, which seems to be favoured by the courts, allows the infringer

14 An automatic, flat-rate increase has sometimes been proposed in intellectual property literature, see e.g., Körner, *GRUR* 1983, 614 (100 per cent as a rule). Only one lower court case seems to have been reported, in which the infringer, who had acted in bad faith (repeated infringement of photographs after license negotiations had failed), was ordered to pay twice the usual licence fee; LG Düsseldorf, *GRUR* 1993, 664 – *Urheberbenennung bei Foto*. For double damages in the *GEMA* cases, see text *infra*.

15 Since he or she has either sold all or most of the infringing copies made, or did not incur substantial investment, as is often the case now regarding low digital-reproduction costs.

16 In these cases, damages were strictly determined according to the usual minimum licence fee to be paid, irrespective of the extent to which the infringer had already exploited the infringed work; see BGH *GRUR* 1990, 353 – *Raubkopien* (full licence fee for video reproduction and distribution although the infringer had not yet distributed any copies), and BGH *GRUR* 1990, 1008 – *Lizenzanalogie* (regular fee for the 10-year, Europe-wide use for film music where the infringer had used the music only once).

17 Consequently, the BGH has recently decided that the rightholder may not compute damages according to the infringer's profits if the facts of the case contradict the said assumption; *GRUR* 1995, 349 – *Objektive Schadensberechnung*.

18 See §§ 687 (2), 681, 667 BGB. This remedy could therefore be extended to negligent infringement cases only by way of analogy.

19 See also for patent infringement cases Stauder, *Patent- und Gebrauchsmusterverletzungsverfahren in der Bundesrepublik Deutschland, Großbritannien, Frankreich und Italien*, Cologne 1989, p. 66 and for trademark infringement cases Bastian *et al.*, *Der Markenverletzungsprozeß in ausgewählten Ländern der Europäischen Wirtschaftsgemeinschaft*, Cologne 1993, p. 320.

20 See, e.g., BGH *GRUR* 1980, 227, 233 – *Monumenta Germaniae Historica*; *GRUR* 1981, 535 – *Wirtschaftsprüfervorbehalt* (design law).

to deduct all general business expenses and opens up the possibility to dissimulate eventual gains derived from the infringement.²¹

DOUBLE DAMAGES

Second, where musical rights are infringed, the German collecting society GEMA has traditionally been awarded twice the regular tariff.²² The reasoning behind this is that in order to detect the infringement, GEMA incurs overhead expenses which should not be borne by law-abiding users.²³ It follows that double damages are only awarded where the nature of the right or the use in question requires special and costly supervising overheads.²⁴ Express reference was made to this argument in 1990, when the German legislator authorized the collecting society responsible for collecting the remuneration for private copying to demand twice its regular rates, if the manufacturer or importer of copying machines and blank tapes refuses to give the legally required information regarding the kind and amount of material imported, or if the information is incorrect or otherwise incomplete.²⁵

Copyright Infringement and Unjust Enrichment

In addition, the rightholder can base his or her claim for compensation on the theory of unjust enrichment (§§ 97 (3) UrhG, 812 (1) BGB), which does not require any kind of fault.²⁶ Since the infringer has received the use of the right infringed, which as such cannot be given back to the rightholder, the infringer has to repay its objective value

21 Lehmann, *Juristisch-ökonomische Kriterien zur Berechnung des Verletzergewinns bzw. entgangenen Gewinns*, BB 1988, 1680.

22 According to § 13 of the German Law governing the Activities of Collecting Societies (Urheberrechtswahrnehmungsgesetz; UrhWG), collecting societies are required by law to set up tariffs for the use of the works in their repertoire. If collective agreements have been concluded, the remuneration agreed upon is regarded as the tariff applicable to a particular use.

23 BGH GRUR 1955, 549 – *Betriebsveranstaltungen*; GRUR 1973, 379 – *Doppelte Tarifgebühr*. In addition, it has been pointed out that historically the rates for regular licensing had actually been fixed at a lower level in order to encourage users to seek licences. It should be noted that once again these double damages have been heavily criticized in civil law literature; see, e.g., Staudinger/Medicus, *op. cit.*, § 249 note 123.

24 Therefore, GEMA has been denied double damages regarding the infringement of the stage-right, see BGH GRUR 1966, 570 – *Eisrevue III*. The lower courts are at times somewhat more generous.

25 See §§ 54g (3) and 54f (3) UrhG.

26 See, e.g., BGHZ 5, 116 – *Parkstraße 13*; GRUR 1995, 673 – *Mauer-Bilder*. However, due to the fact that little is required to find negligence, in practice claims for payment of compensation are rarely based on the theory of unjust enrichment. According to the majority opinion also shared by the BGH, the retribution of unjust enrichment serves the purpose of protecting property by returning what legally belongs to the exclusive sphere of someone else (so-called *Theorie des Zuweisungsgehalts*); for a summary see e.g., Reuter/Martinek, *Ungerechtfertigte Bereicherung*, Tübingen 1983, §§ 2 and 7; Loewenheim, *Bereicherungsrecht*, 2nd ed., München 1997, pp. 8, 75 *et seq.*

(§ 818 (2) BGB). According to the courts, the objective value is usually the licence fee which reasonable parties would have agreed upon had they concluded a valid licence agreement under the circumstances of the particular case.²⁷ Consequently, it appears that what can be claimed under the theory of unjust enrichment is identical to damages according to the licence analogy, and in particular that § 812 BGB does not form a legal basis for the recovery of infringer's profits by the injured party, unless the infringer had actual knowledge of the infringement.²⁸ However, it has not yet been clarified if and to what extent an infringer may deduct expenses incurred in the course of the infringing operation within the context of unjust enrichment.²⁹

Immaterial Damage

§ 97 (2) UrhG also provides a legal basis for the compensation of immaterial damages.³⁰ Since by definition, the monetary equivalent of immaterial damages cannot be determined with certainty, the courts have to proceed by way of estimation. Although in general all the factors relevant in a given case will have to be taken into account,³¹ as in general civil law, in certain typical cases the courts have resorted to a lump-sum approach. To cite just one example, in cases where the name of the photographer has been omitted (*see* § 13 UrhG), the courts usually grant a 100 per cent increase of the usual licence fee.³²

Preventive Effect of Copyright Sanctions?

On the one hand, it has been argued repeatedly that in many cases the remedies as currently applied under German law do not prevent infringement from being a rather profitable enterprise. Especially in the light of the TRIPs requirement to 'permit effective action against any act of infringement ... including ... remedies which

27 See BGH *GRUR* 1982, 301 – *Kunststoffhohlprofil II* (utility model).

28 On the one hand, this seems justified since a remedy which applies even without fault can hardly give more than a remedy which requires at least negligence. On the other hand, it is somewhat surprising that the remedy which focuses on the economic situation of the infringer and which is designed to make him or her give back advantages which do not belong to him or her, in many cases leaves the infringer with a net gain which, by the way, may severely distort competition.

29 According to § 818 (3) BGB, a person who is unjustly enriched can claim to have become 'disenriched' (*entreichert*).

30 Since when the BGB was enacted in 1900 there was a strong trend not to compensate immaterial damages; according to § 253 BGB immaterial damages may only be granted if the law expressly allows for it.

31 Such as the importance, duration and gravity on the part of the infringement, the motivation and degree of fault of the infringer, the (im)possibility of remedying the immaterial harm by way of retraction, etc.; *see, e.g.*, Fromm/Nordemann, *Urheberrecht*, 8th ed., Stuttgart 1994, § 97 notes 46 *et seq.*

32 *See, e.g.*, LG München I, *ZUM* 1995, 57.

constitute a deterrent to further infringements',³³ this seems questionable. On the other hand, it has to be noted that Art. 45 (1) TRIPs itself only requires payment to the rightholder of damages 'adequate to compensate' for the injury.³⁴

In view of the principle already mentioned that the infringed rightholder may not be enriched by any payment made by the infringer, any preventive effect of damages is at best regarded as a 'not unwanted side effect', and any payment which would go beyond pure compensation is considered to be penal rather than civil in nature, and therefore contrary to civil law principles.³⁵ The only area of civil law where – in order to determine the amount of compensation to be paid – not only the situation of the person infringed but also of the infringer is taken into account together with all other circumstances of the case in order to provide satisfaction (*Genugtuung*) to the injured party, is the compensation granted for pain and suffering (so-called *Schmerzensgeld*, § 847 BGB).³⁶ Similarly, compensation has also been granted in cases of the violation of personality rights as well,³⁷ based on the argument that if the law protects a particular legal object, it likewise has to provide for sanctions which may effectively prevent its violation. This argument seems to lead more or less directly to the recent express recognition of 'prevention' by the BGH³⁸ as an aim of the sanction to be considered in determining the amount of compensation to be paid. However, it should be noted that so far the BGH has limited this reasoning to the field of infringements of personality rights by the mass media.³⁹ To what extent this new development may be used as an argument outside of this narrow area remains open to discussion.⁴⁰

33 Art. 41 (1) TRIPs.

34 When implementing TRIPs into national law, the German government was of the opinion that no changes were required in this regard; see implementing law BGBl. 1994 II, 1438, and explanatory memorandum, BT-Drucks. 12/7655, p. 345 *et seq.* – In addition, it should be noted that in view of the requirement to provide effective injunctive measures to secure evidence in Art. 50 (1) (b) TRIPs, several lower courts seem to have eased the strict interpretation so far given by the BGH (*GRUR* 1985, 512 – *Druckbalken*; see Bork, *NJW* 1997, 1665 *et seq.*, and Dreier, *GRUR Int.* 1996, 205 *et seq.*) regarding the claim for inspection according to § 809 BGB.

35 This argument is based on the historical development of an increasing separation of criminal and civil remedies. Heck, *Schuldrecht*, Tübingen 1929, p. 437, in a famous quotation speaks of private crimes (*Privatdelikte*) as 'dinosaurs of legal history'; Stoll, *Haftungsfolgen im bürgerlichen Recht*, Heidelberg 1993, p. 60 *et seq.*, however, disputes the completeness of this separation. – It should be mentioned that the BGH, *NJW* 1992, 3096 refused the recognition in Germany of a US judgment awarding punitive damages as violating the German *ordre public* at least to the extent that the amount granted did not compensate for pain and suffering which would find its equivalent in the German *Schmerzensgeld* (§ 847 BGB).

36 See the leading case BGHZ 18, 149; *Nehtsen-v. Stryk*, JZ 1987, 119 *et seq.*

37 See BGHZ 26, 349 – *Herrenreiter*; BVerfG *NJW* 1973, 1212 – Soraya.

38 BGH *NJW* 1995, 861 – *Caroline of Monaco*.

39 Furthermore, the BGH stated that prevention did not necessarily require a recovery of the total profits derived from the infringement. The Court of Appeals, to which the case was referred, diluted this approach even further by stating that a recovery of total profits was precluded; OLG Hamburg, *NJW* 1996, 2870.

40 So far, it has been remarked that the taking into consideration of the preventive effect in cases of personality rights infringements necessarily means introducing an element of materiality into cases of immaterial damages, and therefore appears to be rather unsystematic; see Siemes, *AJP* 1997, 542.

Conclusion

It follows that at present, due to the very nature of the immaterial object of protection, copyright sanctions show two deficiencies. First, the traditional civil law doctrine does not accept the classification of compensation for the infringement made by the courts and the specialized literature as 'damages'; rather, in most cases some other classification such as unjust enrichment or *negotiorum gestio* is preferred. Second, even though the remedies, as currently applied in Germany, compensate the rightholder to a large extent, they do not sufficiently prevent potential infringers from infringing activities. Since the TRIPs Agreement will most likely not alter this situation, any strengthening of the preventive effect of remedies for copyright infringement has to rely on the first, albeit still limited attempts to recognize prevention as an objective in its own right to be achieved by imposing the remedy of damages in cases of copyright infringement.

Judicial Control of Copyright on Public Policy Grounds

Gerald Dworkin

Laws, to a greater or lesser extent, are instruments of policy. Copyright legislation is no exception. Where there are significant changes of policy, legislative amendments may be necessary. Some copyright laws are precise, allowing little discretion for judges to do more than apply them; other copyright legislation leaves some scope for judicial discretion, indeed creativity, to implement and develop the law in accordance with perceived policy considerations.

Judges may derive power to interfere with copyright legislation from external legislative sources. For example, where the German Federal Court has struck down copyright provisions which are inconsistent with the Constitution; or where the European Court of Justice has held that the policy of the Treaty of Rome must be applied in such a way as to compel a copyright owner to grant licences, thereby encroaching upon the copyright owner's exclusive rights.¹

In many cases, it is the copyright legislation itself which provides the courts with the power to develop and apply public policy to particular fact situations which arise. US copyright law, more than most copyright laws, emphasizes the public interest and the need to balance the rights of authors against it.

'The primary purpose of copyright is to stimulate the creation and dissemination of intellectual works, thus advancing "the progress of science and useful arts". The grant of exclusive rights to authors is a means of achieving this end, and of compensating authors for their labours and their contributions to society.

Within limits, the author's interests coincide with those of the public. Where they conflict, the public interest must prevail. The ultimate task of the copyright law is to strike a fair balance between the author's right to control the dissemination of his works and the public interest in fostering their widest dissemination.'²

The 'fair use' provisions in the US Copyright Act give the courts ample opportunity to develop principles whereby the exclusive rights of copyright owners may be limited to protect and promote the public interest. The development of 'transformative use' as an additional consideration in determining fair use illustrates this.

1 The Magill decision. *See later.*

2 Report of the Register of Copyrights on the General Revision of the US Copyright Law, 87th Congress, 1st Session, July 1961 at 6.

This note addresses none of these matters. Instead, it is concerned with a narrower issue: in what circumstances, can, or should, judges alter or upset basic copyright rules or principles for public policy reasons, express or implied, when they are not given any express legislative authority to do so?

This question has arisen in English copyright law in several different situations.

Reprehensible Copyright Works and/or Reprehensible Authors or Owners

The first situation arises when a court is unhappy either about the nature of a particular copyright work or the nature of the plaintiff's conduct.

Take first the nature of a work. The most obvious example is an obscene book. Should the author or owner of the copyright in such a work be able to enforce that copyright? If not, what is the rationale for this? Such issues have been raised in English courts in relatively few copyright cases.

One early example occurred in *Glyn v. Weston Feature Films*.³ Elinor Glyn was the notorious authoress of a risqué play 'Three Weeks'. It had been condemned unanimously by the critics, banned as being 'grossly immoral' by all the libraries, and had thereby achieved great popular success, selling over a million copies. The defendants produced a film burlesquing the book and were sued for copyright infringement. The court, anxious to ensure that room be left for copyright works to be exposed to some forms of parody, satire and burlesque, held that there was no infringement. Even had there been *prima facie* infringement, the learned judge, Younger J., would still not have found in favour of the plaintiff. The book was not worthy of protection. Whilst courts, in the 'enlightened' days of 1916 may well have been less strict than in the days of Lord Eldon a century or so earlier, this was not a case in which the public interest justified any further relaxation of its principles.

'[This is] a work which, apart from its other objectionable features, advocates free love and justifies adultery where the marriage tie has become merely irksome... [The book will inevitably] mislead into the belief that she may without danger choose the easy life of sin, many a poor romantic girl striving amidst manifold hardships and discouragements to keep her honour untarnished.'⁴

This judgment is not entirely clear. At one point, there is a suggestion that there is no copyright in such a work: 'It is clear law that copyright cannot exist in a work of a tendency so grossly immoral as this...'. Later, Younger J. states that even if copyright exists, the plaintiff will be barred from bringing proceedings: '[To] a book of such a destructive tendency (to the sanctity of marriage), no protection will be extended by

³ [1916] 1 Ch. 261.

⁴ Pp. 269–270. Beyond doubt, both Lord Eldon and Younger J. would be spinning in their graves if they were faced with copyright material acceptable or widely circulated in today's society.

a Court of Equity. It rests with others to determine whether such a work ought not to be altogether suppressed.⁵

Either approach presents difficulties. If no copyright exists in such a book, what happens when social mores change and the book becomes acceptable? Are competitors free to exploit such works until such time as it achieves respectability? Does copyright then revive, and would it do so retrospectively, thereby enabling the 'owner' to recover royalties from those who had exploited the work in its less acceptable days? This is the type of dilemma which must have occurred, for example, with D.H. Lawrence's book *Lady Chatterly's Lover*. Until the famous trial, in 1960, of Penguin Books Ltd. for publishing an obscene work, the estate of D.H. Lawrence would have had difficulty in enforcing any copyright in the book. With the acquittal of the publishers and the verdict that the book was not obscene (by the standards of a British jury at that time⁶) it became an immediate best seller. In an age where there is a mass market in soft and hard pornography, it is surprising that issues of this kind have not yet been brought before the English courts.

Similar issues have arisen in cases where the work may have been respectable but the author's activities have been tainted. Two cases concern spies. In the first, the notorious *Spycatcher*⁷ case, an ex-employee of the British secret service had written a book disclosing many incidents which had occurred during the course of his intelligence work, to the great embarrassment of the Government. Efforts were made to stop the publication of the book in several countries, but the legal situation became very entangled when actions were brought in one country to prohibit publication of so-called confidential information there, even though the book had been published elsewhere. Eventually, the House of Lords decided that it could not play the role of King Canute and order the information to be kept confidential when it was now widely available: the harm had already been done. However, the authors and owners of any copyright in the book were not to be allowed to reap the benefits of their wrongful acts: The publication of *Spycatcher* was against the public interest. The author's action reeked of turpitude. It is in these circumstances inconceivable that a United Kingdom court would afford to [the author] or his publishers any protection in relation to any copyright which either of them may possess in the book. That being so, anyone can copy *Spycatcher* in whole or in part without fear of effective restraint by [the author] or those claiming to derive title from him. Again, the rationale is blurred: there is the hint of a suggestion that there was no copyright in such a publication; more likely, the court accepted that there was copyright in the work, but the author would not be allowed to enforce it.

The second example, *Att.-Gen. v. Blake*,⁸ also concerned the UK security services. Blake was a former British secret service agent who became a double agent, spying for

5 *Ibid.*

6 Interestingly, in Australia, *Lady Chatterly* not only continued to be banned in the 1960s, but so too was the book containing the transcript of the British trial!

7 *AG v. Guardian (No.2)* [1988] 3 All ER 652.

8 [1996] FSR 727.

the Russians. He was caught, convicted in the UK and sentenced to a heavy term of imprisonment. He escaped from prison and fled to Russia, where he wrote his memoirs, describing his activities as a KGB spy, his trial, imprisonment and escape. The book was published in many countries, including the United Kingdom. The Attorney-General, on behalf of the Crown, sought to prevent Blake from profiting from such treacherous activities and claimed all moneys received or to be received by him in respect of the book. The cause of action advanced was for breach of the fiduciary duty owed by a former servant of the Crown not to use his position to generate a profit for himself.

The court of first instance dismissed the claim. The duty of fidelity of employees, in the absence of lawful contractual conditions to the contrary, was owed during employment only, not thereafter. Even though an employee of this kind owed a life-long duty to the Crown not to disclose confidential information acquired in the course of his duties, no breach of confidence had been alleged in this action and the information in the book was no longer secret or confidential.⁹

Thus, Blake seemed to have been left secure with the copyright in his book and, possibly, a right to enforce his economic interests with regard thereto.

That could not do, and so the Attorney-General appealed to the Court of Appeal. That court found itself in some difficulty with the private law claim, since it agreed with the analysis of Scott VC relating to the failure to show a breach of fiduciary duty and the absence of any allegation of any breach of confidential information.¹⁰

Interestingly, the Court of Appeal opened up an entirely new legal area for exploration by inviting argument on the position in public law. It then shaped an appropriate public law response to meet the needs of this occasion. Blake had been guilty of a serious criminal offence, a breach of the Official Secrets Act, for which he would never be tried and punished, but from which he had derived, and in the absence of a court order might continue to derive, financial benefits. To allow him to receive the balance of the royalties would amount to the law being flouted. This was an exceptional case in which the Attorney-General was entitled to intervene by instituting civil proceedings, in aid of the criminal law, to uphold the public policy of ensuring that a criminal did not retain profit directly from the commission of his crime. The fact that Blake would never return to the jurisdiction of the court was an argument for granting an injunction, not an objection to it. Notice of the injunction restraining Blake from receiving or authorizing anyone to receive on his behalf payment or other benefit

9 Had there been a breach of duty, Scott V.C. would have wanted to hold that the Crown was entitled in equity to the benefit of the copyright in the book and to the profits derived by the defendant therefrom. There were some doubtful precedents standing in the way of such a decision, but this issue is not relevant to the present discussion. *See* [1996] FSR 727 at p. 738.

10 For reasons which are not clear, the Attorney-General did not seek to base any argument on breach of a contractual term of the employment contract requiring Blake to obtain clearance of his book before publishing it. Had it done so, the court might well have been prepared to devise a new restitutionary remedy arising from breach of contract: Blake had obtained a profit by doing the very thing he had contracted not to do, that is, he had promised not to disclose official information and had done so for profit.

resulting from the exploitation of the book should be given to the publishers. However, the order restrained Blake from receiving future benefits; in having prospective effect only, it was thought not to be a disproportionate remedy.

Whilst many would acknowledge that justice may have been done in this situation (even though, perhaps, an order for repayment of past royalties would also have been apt), the court did not discuss directly whether the nature of the defendant's conduct was such as to deprive the book of any copyright or, alternatively, to deprive him of any right to it. Considerations of public policy were central to the case, but exercised in a way which did not require direct answers to these questions.

The power of the court to refuse to recognize or enforce copyright was argued recently in a case at the other end of the spectrum of iniquity. In *ZYX Music v. King*¹¹ the plaintiff was the owner of the copyright in an arrangement of a musical work. The defendant had copied this arrangement and was sued for infringement. It was established that the plaintiff, quite innocently, had committed a technical infringement of the copyright in the original musical work from which the arrangement was derived: a licence had not been obtained from a prior rightholder. Could that affect the plaintiff's case?

It was acknowledged that a work which infringes another work may nonetheless enjoy copyright.¹² However, the defendant argued that, because of the plaintiff's infringement, the plaintiff's copyright was either unenforceable or, at least, unenforceable until the infringement was cured. Lightman J. accepted that a court may refuse to enforce copyright on public policy grounds. 'Thus relief has been refused where a plaintiff was seeking to protect a "dishonest and misleading work"¹³ or a work of a grossly immoral tendency¹⁴ or exploit a breach of confidence "reeking of turpitude" for example involving the public interest in maintaining the secrecy of the Security Services.'¹⁵

But the learned judge did not agree with the argument that, because a plaintiff's work has pirated a substantial part of another work, that, in itself, justifies a court refusing to enforce the copyright in the plaintiff's work; at least until the plaintiff has cured the infringement. He preferred the view that in such a situation the plaintiff is entitled to prevent others pirating his work, subject to his obligation to account to the original author for his due share of any recovery. *A fortiori*, in this case, where the plaintiff had committed an innocent, as opposed to a deliberate, infringement, he should not be precluded from enforcing his right.

This line of cases, then, suggests that English courts, whilst not denying tainted authors or tainted original works copyright, may nevertheless, in appropriate cases, intervene to prevent the author or copyright owner from enforcing or exercising those rights fully. Whether that be regarded as a question of public policy, or a reserve power which is part of the inherent jurisdiction of the courts, applying the principle *ex turpi causa non oritur actio* (no action shall arise out of a base cause), seems not to matter.

11 [1995] 3 All ER 1.

12 *Redwood Music Ltd. v. Chappell & Co. Ltd.* [1982] RPC 109 at 120.

13 *Slingsby v. Bradford Patent Truck* [1906] WN 51.

14 *Glyn v. Weston Feature Films* [1916] 1 Ch. 261.

15 *AG. v. Guardian Newspapers (No.2)* [1990] 1 AC 109.

The Public Interest Defence

A slightly separate, albeit related, development involving public interest issues concerns public interest as a specific defence to copyright infringement.

Initially, the development began in breach of confidence actions. Actions for breach of confidence arising out of express or implied contractual terms of confidentiality, have been established for a very long time. Actions for breach of confidence where there is no contractual relationship between the parties have become far more common in recent years; the development of this action in the last thirty years has been quite remarkable. In the early days, it was recognised that a defendant might be entitled to raise a defence to a breach of confidence action if he could show that the disclosure of confidential information was to publicise some 'iniquity'. This limited defence was gradually widened, to permit the defence to be used to disclose other kinds of misconduct, such as a crime or fraud, and gradually the defence became subsumed under a more general principle viz. that the defence would be available to any defendant who could establish that there was some 'just cause or excuse' or some public interest justifying the disclosure of confidential information to the recipient.

Although the former UK Copyright Act 1956 contained many defences or permitted acts, including 'fair dealing' defences in certain well-defined situations, there was no statutory 'public interest' defence. This led to a difficult situation when a defendant's activity involved both a breach of confidence and an infringement of copyright. Take, for example, the case of a large organization which was acting improperly and threatening the health of the public. If an employee became a 'whistleblower' and notified the appropriate authorities, in breach of his obligation of confidence to his employers, it would be open to that employee in an action for breach of confidence to plead a 'public interest' defence, and it would be for the court to weigh up and balance the competing obligations and determine whether such a defence should succeed. In this type of case, an employee might find it necessary to copy documents owned by his employers and send these to the authorities. This would now enable the employer to claim not only breach of confidence, but also copyright infringement. If the defendant were unable to set up a public interest defence to the copyright action, the public interest defence to the confidence action would be of limited value.

Australian judges have been reluctant to hold that the courts are entitled to create a public interest defence in copyright actions. With considerable force, they point out that the copyright legislation contains very detailed provisions specifying a range of activities which do not constitute infringement in various works, and the Act is amended from time to time to cover new situations. It would be an odd result if there is some defence from the general law defined with none of the precision apparent in legislation which reflects an accommodation of a range of competing interests by the legislature.¹⁶

16 See Gummow J. in *Collier Construction v. Foskett Pty* (1990) 19 IPR 44, 56.

English judges, on the whole, have not expressed similar reservations and a public interest defence was accepted in a number of copyright infringement actions prior to the Copyright, Designs and Patents Act 1988.¹⁷ When that Act was passed, the status of such a defence was still uncertain. It would have been easy for the legislature, had it been clear that such a defence was necessary, to do so expressly. Instead, a rather hesitant saving provision was introduced that '[Nothing] affects any rule of law preventing or restricting the enforcement of copyright, on grounds of public interest or otherwise'.¹⁸ Thus, Parliament did not expressly say that a public interest defence existed, but catered for it should the courts so provide. Since then, the assumption has been that such a defence is now part of copyright law; although it should not be applied in ways which are inconsistent with, and so undermine, relevant specific fair dealing defences.¹⁹ This provision, of course, also supports the approach taken in the cases discussed earlier concerning immoral or unlawful acts.

The situations described above are not unfamiliar to lawyers in other copyright jurisdictions. Cases do arise from time to time which call into question whether copyright rules should always be applied rigidly, regardless of the nature of the works involved or the conduct of the rightholder.

Abuse, or Potential Abuse, of Copyright

A much more controversial exercise of public policy, however, arose in England a few years ago in the case of *British Leyland v. Armstrong Patents*.²⁰ That case focused on control over spare parts for cars, the issue which has been so controversial in the attempt to draft European Design Right legislation.

Under earlier UK copyright law, car manufacturers were able to exercise virtual monopoly control over spare parts for their cars. The legal analysis was straight forward: any kind of original drawings, including engineering drawings, qualified as artistic works. Infringement of drawings occurred when they were reproduced without authority. Reproduction of artistic works could be either in two-dimensions or three-dimensions; and could occur directly or indirectly. Thus, any competitor who copied the spare part of a car manufacturer would be liable for copyright infringement: the spare part was an indirect, three-dimensional, reproduction of the two-dimensional copyright drawing.

It may well be that this result was never intended by those who drafted the copyright legislation. Probably, they had not foreseen the possibility that copyright in drawings, artistic works, would confer such strong protection on functional, non-artistic objects of this kind. From an economic standpoint, such control could produce

17 See, for example, *Beloff v. Pressdram* [1973] 1 All ER 241; *Lion Laboratories v. Evans* [1984] 2 All ER 417.

18 CDPA 1988, s.171(3).

19 *PCR Ltd. v. Dow Jones Telerate Ltd* [1998] FSR 170.

20 [1986] 2 WLR 400.

undesirable anti-competitive consequences. Indeed, the Monopolies and Mergers Commission at one time did recommend that the term of copyright protection for such articles was far too long and recommended that it be reduced to five years. Be that as it may, UK copyright law gave full protection for spare parts. That law could only be changed by legislation; or so it was thought.

The *British Leyland* case was a most unusual one. Although the plaintiff guarded its copyright, it was prepared to grant licences, on not unreasonable terms, to competitors to manufacture spare parts for the after market. Several licences were granted; but the defendants refused to take a licence, and challenged the plaintiff's copyright control over spare parts.

The House of Lords had considerable sympathy for the defendants. It did not like the stranglehold over spare parts which copyright gave. Yet it was unable to overrule a body of law which confirmed that original engineering drawings were copyright artistic works; and that infringement could take place by their indirect, three-dimensional reproduction. How, then, could the court assist the defendants? In a surprise decision, it found a solution through a doctrine of English land law, known as "non-derogation from grant". That doctrine provides that if a landowner sells a piece of land for a particular purpose, he will not be legally entitled to do anything inconsistent with that grant. Thus, if land is sold for use as a nursing home, neither the vendor, nor his assignees, will be entitled to use retained neighbouring land for, say, a noisy race-course. It is difficult, at first, to see what relevance this has for copyright in spare parts; but the arguments ran as follows: if a car manufacturer sells a car which has a natural life expectancy of, say, 10–15 years, it cannot in law do anything which may interfere with that expectation. Copyright control over spare parts for that car might deprive the purchaser of the full enjoyment of the car. For example, a car might be unusable if exhaust pipes cannot be replaced every two years or so. The car owner might not be able to buy spare parts at all; or spare parts at reasonable prices. Therefore, the doctrine of non-derogation of grant operates to prevent all copyright owners in such circumstances from being able to exercise their copyright interest; even though they had every intention to manufacture a full set of spare parts indefinitely, sell them at reasonable prices and also license the right to manufacture them to all comers. In other words, by use of this doctrine, the House of Lords deprived rightholders of their copyright in drawings for spare parts. Although, the court did not expressly intervene on the grounds of public policy, there was little doubt that this was the real reason for doing so.

The decision caused a considerable stir in legal circles and was also questioned in some other jurisdictions. However, its relevance to spare parts in England was short-lived, since the Copyright, Designs and Patents Act 1988 changed this area of the law.

Nevertheless, the *British Leyland* case has recently received judicial nemesis from a later group of English Law Lords, hearing an appeal in the Privy Council from Hong Kong.²¹ Lord Hoffman identified the decision for what it really was: 'the *British Leyland* spare parts exception cannot be regarded as truly founded upon any principle

21 *Canon v. Green Cartridge Co.* [1997] 3 WLR 13; see Wei: 'Spare Parts and Copyright' (1998) 114 *LQR* 39.

of the law of contract or property'. It is instead an expression of what the House [of Lords] perceived as overriding public policy, namely the need to prevent a manufacturer from using copyright (as opposed to patents or design right) in order to control the aftermarket in spare parts. As evidence, he pointed to the slightly emotive way in which the earlier court had painted the picture of car owners selling their souls to the company store and becoming enmeshed in the tentacles of copyright.

Without having the power to overrule the *British Leyland* case, the Privy Council was nevertheless scathing of the approach which had been taken: It was of course a strong thing (not to say constitutionally questionable) for a judicially-declared head of public policy to be treated as overriding or qualifying an express statutory right.

Not only was this use of public policy questionable, so also was the assumption that the copyright control was anti-competitive: 'The question of whether it is contrary to the public interest for a manufacturer to be able to exercise monopoly control over his aftermarket cannot usually be answered without some inquiry into the relevant market. The courts are ill-equipped to pronounce upon such matters, which often involve questions of economic policy and are generally left to specialised bodies such as the Monopolies and Mergers Commission ...'

Further, said the Privy Council, if the economic arguments are not that clear, there is little justification for any public policy intervention: 'Once one departs from the case in which the unfairness to the customer and the anti-competitive nature of the monopoly is as plain and obvious as it appeared to the House of Lords in the *British Leyland* case, the jurisprudential and economic basis for the doctrine becomes extremely fragile.

Thus, the House of Lords has been deservedly condemned for two reasons: first, the use of public policy to override statutory rights was unacceptable; secondly, even if the resort to public policy could be justified, the economic case had not been satisfied.

This high-profile example of the most senior court in the country insensitively destroying statutory rights and substituting its own judicial doctrine, may well detract from the more general question whether there is scope for some more rational, and overt, exercise of public policy considerations in the field of copyright law.

The case was, perhaps, an example of a wider doctrine, abuse of rights, which operates from time to time in civil law jurisdictions: for example, where a plaintiff is prevented from enforcing his moral rights, where his underlying motive for doing so is economic rather than personal; or where, as in the United States, in spite of the very wide ranging defence of fair use, courts occasionally have attempted to develop a concept of 'misuse of copyright' as a public policy weapon to control a perceived abuse by a copyright owner of his copyright. Thus, in *Lasercomb v. Reynolds*²² a US court held that a licensor's anti-competitive clauses in its standard licensing agreement constituted misuse of copyright, and that defence was available to those who were not parties to the standard licensing agreement. Similarly, in a more recent decision, *DSC Communications v. DGI Technologies*,²³ it was used against a plaintiff who was

22 911 F.2d 970; 15 USPQ 2d 1846 (1990).

23 81 F.3d 597 5th Cir. (1996).

attempting to use copyright to obtain a patent-like monopoly over unpatented micro-processor cards.²⁴

Neither the 'abuse of rights' nor the 'copyright misuse' doctrine has any significant foothold in common law jurisdictions. Most of the cases where such arguments arise involve allegations of anti-competitive uses of copyright. A recent illustration of a case where this argument could have been raised in a different context in an English court is *Warner Bros. v. Channel Four*.²⁵ That case concerned the film *A Clockwork Orange* which had been withdrawn from distribution in the UK market, and had not been shown in the UK for 20 years, because the director, Stanley Kubrick, had been disturbed by the violent impact this had had upon impressionable teenagers. The defendants had made a television documentary concerning the ban, and the case revolved around the question whether the extracts from the film which had been used in the documentary could be justified as 'fair dealing' for the purposes of criticism or review. Had the concept of 'abuse of rights' or 'copyright misuse' been well known in the UK, this would have been an ideal case to test its applicability. Instead, it appears that this line of argument was not even put forward.

An English (and Irish) case where public policy issues were at the heart of the controversy was the *Magill* case, which has become a classic copyright case involving the abuse of a dominant position. The dispute began in the United Kingdom as a straightforward copyright action²⁶ where the plaintiffs sought monopoly control over their radio and television broadcasting schedules. The plaintiffs claimed that the programme schedules were literary works; the defendants responded by arguing that, even if they were literary works, the attempt by the plaintiffs to control them was anti-competitive and should be struck down. The court took a simple approach, declaring that the programme schedules were copyright works and were infringed; the anti-competition argument was irrelevant for copyright purposes. If the defendants wanted to raise such matters they should go elsewhere. They did, and many years later the European Court of Justice in the *Magill* decision agreed with the defendant's argument and ordered the copyright owners to grant licences to the defendants.

Should the court have taken a short cut and dealt with that issue straight away? Had there been a copyright argument available to allow the court to bolster up its view as to the correct public policy appropriate to this kind of situation, that clearly would have been acceptable; it is something which occurs all the time.²⁷

Equally, if a court has the statutory jurisdiction to apply competition law to copyright, as is becoming increasingly common, this is both justifiable and appropri-

24 It has been argued that the fair use defence would have been a more appropriate approach. That defence focuses upon whether the actions of the defendant can be justified. The misuse defence focuses on the nature of the plaintiff conduct.

25 [1994] EMLR 1.

26 *BBC v. Time Out* [1984] FSR 64.

27 There was certainly an argument, perhaps stronger today than in 1984, that the programme schedules were not sufficiently creative to be original and so could be protected by copyright. As Article 10(2) of the TRIPs Agreement decrees, although some compilations of data may be protected as copyright works, 'such protection ... shall not extend to the data or material itself'.

ate. However, a more direct use of public policy, whether by using an 'abuse of rights', 'misuse of copyright' or similar concept is far more questionable. It can be criticized on many grounds: it is an unauthorised interference with established statutory rights; it is arbitrary and unpredictable; courts may not have all the appropriate information and expertise to make decisions which are better made elsewhere; and so on.

Public policy has always been likened to an unruly horse. On balance, unless courts are statutorily invited to ride it, it is more prudent for judges to steer clear of using it.

Private Copying in the Digital Environment

Jane Ginsburg and Yves Gaubiac

Introduction

Is free private copying in the digital environment conceivable or desirable? Traditionally, most copyright systems have permitted private copying of protected works, either by means of explicit exemptions,¹ or under broader fair use/fair dealing privileges.² Indeed, the principle of private copying has been so widely accepted that, in the face of the competition that home taping presented to the normal exploitation of works, the solution that many national legislatures adopted was not to forbid private copying, but to establish a system of remuneration designed to compensate for sales lost to home taping.³

What is the justification for private copying exceptions to copyright? Other exceptions to copyright, notably the privilege to quote from prior works in the creation of a new work, derive from the principle of freedom of creation and expression.⁴ Private copying for the purpose of consuming the copies, rather than working from them to create a new work, does not share this justification. Rather, the principal rationale for private copying has been the difficulty of, or lack of benefit from, enforcing copyright against end-users. Thus, in the analogue world, private copying could be understood as non-infringing because it was *de minimis*,⁵ or as technically infringing,

1 See, e.g., Art. L.122-5, 2o, 'Code de la propriété intellectuelle', JO 3 July 1992, as last amended by Laws Nos. 94-361 of 10 May 1994, and 95-4 of 3 Jan. 1995 (France), translated in *Industrial Property and Copyright: Monthly Review of the World Intellectual Property Organization* (hereinafter, IPC WIPO) (September 1995); Art. 53 'Urheberrechtsgesetz', BGG I p. 1, 273, as last amended by the law of 19 July 1996 (Germany), translated in *IPC WIPO* (April 1997); Art. 31, 2o, 'Ley de propiedad intelectual', B.O. 17 Nov. 1987, as last amended by law No. 43/1884 of 30 Dec. 1994 (Spain), translated in *IPC WIPO* (October 1995).

2 In the US, there is a specific exemption/levy statutory scheme for digital audio equipment and media, which includes an exemption for private copying of analogue sound recordings, see 17 USC §§ 1001 *et seq.*, but there is no general statutory exemption for private copying. Rather, private copying has been analyzed under the criteria of the fair use exception, 17 USC § 107. See, e.g., *Sony Corp. of America*, 464 US 417 (1984).

3 See, e.g., France, Code de la propriété intellectuelle, Arts. L. 311-1 to L. 311-8; Spain, Ley de propiedad intelectual, Art. 25.

4 See, e.g., 17 USC § 107 (fair use); France, Code de la propriété intellectuelle, Art. L. 122-5, 3o (right to quote in connection with commentary and criticism; revues de presse), 4o (parody); Spain, Ley de propiedad intelectual, Art. 32 (right to quote in connection with commentary and criticism), 33 (revues de presse), 39 (parody).

5 See, e.g., *Pierre N. Leval*, 'Nimmer Lecture: Fair Use Rescued', 44 *UCLA L. Rev.* 1449, pp. 1457-1458 (1997).

but too expensive and complicated to prohibit. The latter is the 'market failure' justification for private copying: the transaction costs of enforcement exceed the value of any remedies or licences.⁶ Under these approaches, private copying has been not so much a 'right' as an activity tolerated in the absence of effective enforcement.

There is an additional rationale for private copying: where one has lawful access to the work, there may be an implied right to enjoy the work in a manner convenient to the consumer. One could therefore contend, for example, that one who buys a video for home is entitled to make an extra copy for the vacation house. The owner of the video is not making extra copies for friends; he is simply 'place shifting' his enjoyment of the work.⁷ The convenience rationale may be a manifestation of a broader principle of user autonomy. According to this principle, end-users should enjoy works of authorship free of the author's surveillance. This enjoyment, however, need not also be free of some form of payment to copyright owners, for example, by means of levies on copying media or equipment.

Lack of Justification for Digital Private Copying – In Theory

How do these rationales apply in the digital world? Even in the analogue world, many countries recognized that home taping strained the *de minimis* justification; hence the imposition of surcharges on the media and/or material of sound and video recording. The nature of digital copies further undermines that justification. Digital copies are uniquely replicable: not only can one copy be fruitful and multiply, but its quality, copy after copy, remains as good as the original. This feature illustrates the potential anomaly of recognizing a private copying exemption in the digital world: individual copies can no longer be considered *de minimis*. Private copying in perfect copies does substitute for sales of the work. As such, it runs afoul of international copyright norms: the Berne Convention permits member countries to create exceptions to the reproduction right, 'in certain special cases, provided that such reproduction does not conflict with a normal exploitation of the work and does not unreasonably prejudice the legitimate interests of the author'.⁸ If there is a market for private copying, then unauthorized private copying would conflict with this norm. Because more and more

6 See, e.g., Wendy Gordon, 'Fair Use as Market Failure: A Structural and Economic Analysis of the Betamax Case and its Predecessors', 82 *Colum. L. Rev.* 1600 (1982).

7 'Place shifting' is offered as an analogue to 'time shifting', an activity that the U.S. Supreme Court held to be fair use, when the members of the public who were taping the material have been 'invited to view it for free', when the home taping was for non commercial purposes, and when the users erased the tapes after deferred viewing. See *Sony v. Universal City Studios*, 464 U.S. 417 (1984). 'Time shifting' is permitted in the US without compensation to copyright owner; the Supreme Court has not explicitly ruled on whether videotaping for the purpose of *retaining* the copy would also be uncompensated fair use.

8 Berne Convention for the Protection of Literary and Artistic Works, Art. 9.2. The WIPO Copyright Treaty [WCT], concluded in December 1996 and awaiting ratification, generalizes Art. 9.2 to all rights under copyright, not just the reproduction right. See, WCT, Art. 10.

works are marketed directly to end users, private copying should no longer be characterized as 'certain special cases': it is becoming a leading mode of exploitation. As a result, Berne member nations might be foreclosed from authorizing private copying in the digital environment.

But, even supposing the *de minimis* justification no longer applies, if insuperable costs nonetheless remain to enforcing copyright, then prohibitions on digital private copying will be meaningless. Here, however, Charles Clark's celebrated remark, 'the answer to the machine is in the machine',⁹ may well apply. For example, with respect to online access, the transaction costs justification should no longer pertain, since individual billing and tracking are fully possible, and indeed have long been in place in private networks, such as LEXIS and Westlaw. With respect to free-standing digital copies, such as a CD ROM, or a document downloaded from the Net, at first blush, the transaction costs problem might seem to return, since the document is no longer connected to the online meter. One can, however, imagine free-standing digital documents whose perusal requires registration through a modem, in effect reconnecting the user to the counter. This, in fact, is the principle on which the forthcoming Divx pay-per-view video disk system would work.¹⁰

By contrast, the convenience, or place-shifting, rationale might continue to apply to free-standing copies. For example, suppose one copies the work to a floppy disk to take to another computer, or e-mails the work to oneself to access on another computer. Assuming the initial copy was lawfully acquired, these further copies might come within the scope of the acquirer's reasonable enjoyment of the work, especially since they are the functional equivalent of taking the original disk wherever the acquirer goes. One would enjoy the latter prerogative by virtue of the exhaustion or first sale doctrine, under which the copyright owner's rights in the physical copy stop with the sale of that copy; thereafter, the chattel owner's physical property rights permit him to dispose of his copy as he wishes.¹¹ The exhaustion doctrine, however, does not entitle him to make further copies. Nonetheless, where the copying substitutes not for a sale of the work, but for carrying the original copy around, then so long as one does not make further copies for other people's enjoyment,¹² then perhaps

9 Charles Clark, 'The Answer to the Machine is in the Machine', in P. Bernt Hugenholtz, ed., *The Future of Copyright in a Digital Environment*, p. 139 (1996).

10 See Joel Brinkley, 'It's a Made for Television Controversy', *N.Y. Times*, Wednesday 15 Oct. 1997, p. D1, col 2. By contrast, it is not clear that *any* private copying justification applies to unauthorized access to a work of authorship, as opposed to subsequent copying from a lawfully-acquired copy. That is, one may or may not enjoy a private copying privilege to make additional copies of a document downloaded from the Internet; but that privilege should not extend to hacking into a site to acquire the work for free when the author offered it for a price.

11 See 17 USC §§ 106(3) (distribution right), 109(a) (first sale doctrine limitation of distribution right); France, Code de propriété intellectuelle, Art. L. 111-3 (independence of intellectual from physical property).

12 Outside of the context of private performances of the work, in which the copyright law entitles users to engage, see 17 USC § 106(4); France, Code de propriété intellectuelle, Art. L. 122-5, 1o (exception from public performance right in favour of non-paid performances held within a 'family circle').

this kind of convenience copying should not be infringing because it does not adversely affect the potential market for the work.

Or does it? The future 'celestial jukebox' is designed to make it possible to access and enjoy works at anytime, from any place. There will be no need to copy to floppies or send files to oneself if one can always access the work from the great database in the sky. By making copies for place shifting, one has saved the access fee of re-requesting the work from the celestial jukebox. If that fee is less than the cost (in money or time) of making one's own copies, then private copying for convenience loses its appeal. But suppose it is cheaper to make one's own copies. Suppose also that the author offered the work under two pricing policies: the first, higher, price included authorization to make a certain number of additional copies. The second, lower, price withheld authorization to make more copies, and directed the purchaser to the online source for additional access, for a further fee.¹³ Finally, suppose that the purchaser elects the lower price, but then violates the terms of the sale by making further copies. The claim of user autonomy here conflicts with one of the markets for the work.

If we conclude that there is no place for a private copying exception in this instance – a conclusion that, on these facts, seems eminently reasonable – we must nonetheless recognize that we have left it to the copyright owner to define the scope or availability of the exception. That is, an exception here would be inappropriate, because it would be contrary to a normal exploitation of the work – the higher of the two tiers in the pricing scheme. But, in other cases, how do we know what is a 'normal exploitation?' If it is anything the copyright owner is willing to license, or could have licensed, then there will not be much, if any, room for a digital private copying exception. One could contend that that result makes no sense, because the private copying privilege is supposed to be a *limitation* on copyright, not a marketing option for copyright owners. Nonetheless, that privilege is a special one, justified by consumer convenience only to the extent that it does not prejudice the reasonable expectations of the author.¹⁴ Allowing the author or copyright owner to define what are 'normal exploitations' may in fact aid consumers: if copyright owners could adjust the pricing scheme to reflect different levels of user activity, then users would pay only for the use they actually make, rather than in effect paying for other users' private copies by paying a (higher) unitary price that anticipates some level of otherwise uncompensated consumer copying. As a result, the apparent circularity of the 'normal exploitation' analysis should not provoke objection, at least not where the copyright owner has offered user-friendly price discrimination alternatives.

13 Cf. DVD (\$25 for unlimited playback) vs. Divx (\$5 for one playback; subsequent playbacks for a fee). See, New York Times, 15 Oct. 1997, *supra* note 10.

14 See Berne Convention, Art. 9.2.

Justification for Digital Private Copying – In Fact

As a matter of legal analysis, then, justifications for consumptive private copying in the digital world do not abound. But reality intervenes: wander around the Web and you will find a multitude of sites that assemble other authors' text, images, and sometimes sounds. Some of these sites carry disclaimers to the effect that all material reproduced on the site came from publicly disclosed sources, and therefore is freely available for inclusion in the website.¹⁵ (This conflation of public availability with the public domain is, unfortunately, not uncommon on the Web.) Others state that all material has been used without authorization, and that if any copyright owners have a problem with that, they should notify the website operator, and he will remove the offending work.¹⁶ In other words, 'if it's out there...' it can be on someone's web page, and the burden is not on that person to seek permission; it's on the author to find the user and object. From a legal perspective, this assertion is exactly backwards. Worse, in this context, it is clear that the copies being made are no longer 'private': the website operator who uploads the 'privately copied' material does so for the purpose of making the work available to all those who access the website, so that they can make further copies.¹⁷ Those copies in turn may be further transmitted to others, as the downloading user sends further copies not only to a 'family circle',¹⁸ but perhaps also to the closest

15 See, e.g., <http://www.intersurf.com/~beam/temple/temple.html> ('The graphics ... in this page were obtained from public sources on the Internet, therefore this page is given back to the public domain from which it came.') (visited 3/12/97); <http://www.cruzng.com/marilyn/marilyn.htm> ('all the images contained in this tribute are believed to be in the public domain, if there are any images where this is not the case please notify me and they will be promptly removed.') (visited 1/12/97); <http://mozart.lib.uchicago.edu/marilyn/about.html> ('... I have scanned and edited [the images] all myself...') (visited 1/12/97). See also, <http://sd02.znet.com/bogart/> ('[O]n April 1, 1996, I removed from this site all images and sound clips from the 50 Bogart movies owned by Turner Broadcasting System and its subsidiary, Turner Entertainment Company (TEC), at the request of Turner's attorneys. After numerous attempts to secure permission to restore the materials to the site failed, on January 19, 1997, I decided to put them back up. Why? It is now my opinion that their inclusion in this site falls within the *Fair Use statute* of the U.S. Copyright Act.') (emphasis in original) (visited 2/12/97).

16 See, e.g., <http://www.quarsarcom.com/lady/schiffer/schiffer.html>, a web page featuring pictures of super-model Claudia Schiffer, offering the disclaimer: "All images have been acquired through the Internet. I assume no responsibility for their origin. If one of your images are [sic] on our home pages, please feel free to Email details and images will be removed if deemed necessary." (visited 22/11/97); <http://www.jimsplace.com/jim/dm.htm>, a gallery of Demi Moore photographs with the disclaimer: "All pictures were found on the internet or usenet and are presented for your viewing pleasure. If any are a copyright violation would the copyright holder please inform me at jk@thewebdepot.com and I will remove them immediately." (visited 23/11/97).

17 For example, the French courts have held that the uploading by students of the lyrics to Jacques Brel songs onto a website located on the server of the *Ecole centrale* engineering school exceeded the scope of the private copying privilege because the copied lyrics were not destined for the sole enjoyment of the students who copied the lyrics, but were instead intended to be made available to anyone who accessed the website. See, RIDA 1/97 nr. 140, p. 89; JCP, Éd. G. II, 22727, note Frédérique Olivier and Éric Barbry; JCP Éd.E. II, 881, note Bernard Edelman; the same day, another preliminary injunction issued in the same terms with respect to the digital reproduction and uploading of the works of Michel Sardou and others, D. 1996, J. p. 490; RIDA nr. 171, January 1997, p. 361, note Christophe Caron.

18 See France, Code de la propriété intellectuelle, Art. L. 122-5, 1o.

hundred friends on his or her listserver, if not to his or her own website for further sharing with the public.

But it may not matter. When it is so easy to copy, everybody will do it. Moreover, respecting copyright becomes inconvenient. Users have come to expect not only a right of access to works of authorship, but to access in the most convenient form. 'Everybody does it' may not be very appealing as a matter of law, but as a matter of fact, judges and legislatures may find it an incontrovertible contention.¹⁹ There is little point in passing or attempting to enforce a law that no one believes makes sense (or even if it makes sense, that no one is disposed to obey).²⁰

One solution may be to make licensed copying more convenient. Authors can increase users' awareness that works of authorship *are* protected by copyright, and can facilitate the acquisition of permission to copy. Information technology assists this effort: works disseminated in digital form can carry copyright management information, alerting the user to the work's protected status, disclosing terms and conditions of use, and directing the user (possibly by hyperlink) to the author, publisher, or licensing collective to obtain permission.²¹ (We recognize, however, that this solution will not apply to works that users scan from analogue to digital format.) As a practical matter, if it is cumbersome and complicated for users to obtain permission, they will give up trying. Authors will have to make it as easy to copy *with* a licence, as without.

Alternatively, if the justification for private copying is 'everybody does it', then another solution is to make it harder for everybody to do it. This implies, first, that works for which the author seeks payment, and whose subsequent copying the author wishes to limit, will not be made available over open networks. Second, these works will not be disseminated without technological controls against unauthorized access or further copying.²²

This in turn may imply that authors who make their works available in easily copyable free-standing digital format or on the Internet, and do not provide click-on licences or impose copy controls (or no controls beyond initial access and downloading to disk), should be presumed to have consented to the unrestricted non-profit 'private'

19 See, e.g., Douglas Baird, 'Changing Technology and Unchanging Doctrine: *Sony Corporation v. Universal Studios Inc.*', 1984 *S.Ct. Rev.* 237 (when there are millions of video tape recorders in daily use in American households, the Supreme Court just cannot hold that millions of Americans are committing copyright infringements every day).

20 See Jessica Litman, 'Copyright Noncompliance (Or Why We Can't Just Say 'Yes' to Licensing)', - 29 *N.Y.U. J. Int'l. L. & Pol.* 237 (1996-97).

21 Article 12 of the WIPO Copyright Treaty would oblige Member States to protect copyright management information that authors and copyright owners include with their works. Legislation is now pending in the US Congress to implement this requirement. See, e.g., S. 2037, 105th Cong., 2d Sess. (1998).

22 Article 11 of the WIPO Copyright Treaty obliges member countries to protect against the circumvention of technological measures used by authors to protect their copyrights. Legislation is now pending in the U.S. Congress to implement anti-circumvention protection, see, e.g., S. 2037, *supra*, note 21.

copying of their works. (This presumption does *not* apply to hard copy media, even though this media is susceptible to conversion to digital media by scanning.)

One can imagine that many authors would be willing to make their works available in digital format for non-profit 'private' use, knowing that their works will be recopied and recirculated. These authors will be happy with the exposure multiple copying gives them. They may also be able to sell advertising space alongside their works. Or they may employ free copying networks as a teaser for works that they sell in traditional hard copies or over paying networks.

In conclusion, we believe there is no 'right' to 'private' copying in the digital environment, but there is, and will be, a great tolerance for unlicensed 'private' copying. In the past, transaction costs and relatively modest economic harm underlay that tolerance. Today and tomorrow, those justifications do not apply, or do not suffice. But there will be good reason for many authors to choose to tolerate private copying.

Harmonization of Copyright in the European Union

*Frank Gotzen**

'The EC Commission and the Community as such have travelled a long and winding road, beyond the economics and trade oriented meddling with copyright obstacles to the realization of the internal market, to a really balanced and mature legislative effort to improve both market conditions and the protection of authors and performers.'

H. Cohen Jehoram, 'The EC Copyright Directives, Economics and Authors' Rights', *IIC* No. 6/1994, p. 839.

The Initial Action of the Community

1. For a long time the Community appeared to concern itself with copyright only for the purpose of applying to it the rules on competition and the free movement of goods.¹ In doing so, it seemed to be acting as the exclusively mercantile entity that was suggested by its original name European *Economic* Community. The Maastricht Treaty on the European Union of 7 February 1992,² which came into force on

* The author wishes to thank Mr Sam Granata for the research support during the writing of this contribution.

1 On the decisions of the Commission, the Court of Justice and the Court of First Instance in this respect, see R. Joliet and P. Delsaux, 'Le droit d'auteur dans la jurisprudence de la Cour de justice des Communautés européennes', *Cah. Dr. Eur.* 1985, pp. 381-401; R. Joliet, 'Geistiges Eigentum und freier Warenverkehr', *GRUR Int.* 1989, pp. 177-185; F. Gotzen, 'La libre circulation des produits couverts par un droit de propriété intellectuelle dans la jurisprudence de la Cour de justice', *RTDC* 1985, pp. 467-481; L. Defalque, 'Copyright - Free Movement of Goods and Territoriality: Recent Developments', *EIPR* 1989, pp. 435-439; C. Doutrélepon, 'Mißbräuchliche Ausübung von Urheberrechten?', *GRUR Int.* 1994, pp. 302-308; H. Cohen Jehoram and K. Mortelmans, 'Zur Magill-Entscheidung des Europäischen Gerichtshofs', *GRUR Int.* 1997, pp. 11-15.

2 *OJ* No. C 191 of 29 July 1992.

1 November 1993,³ deleted the adjective 'Economic' from the title of the Treaty of Rome which established a European Community. This change demonstrates the intention not only to extend the Community's field of action to new sectors, but also its desire to exercise existing competences on a broader scale, therefore taking its competence over more non-economic aspects. The introduction of a new Title IX in the Treaty of Rome, headed 'Culture', is a good illustration.⁴ The new formulation of Article 128 in Title IX includes for the first time the explicit principle of Community action in the cultural field. Although the wording is still rather vague and does not in itself afford material competence to the Community in the copyright field, attention should nevertheless be drawn to Paragraph 4 that is capable of modifying the interpretation of other provisions in the Treaty. Indeed, according to the new text, as modified by the Treaty of Amsterdam,⁵ 'the Community shall take cultural aspects into account in its action under other provisions of this Treaty, in particular in order to respect and to promote the diversity of its cultures.'⁶

2. It was not until 1991 that the increased activity of the Community in the copyright field began to make itself felt. The effects were in fact the first results of a vast effort to approximate the national laws, initiated some years earlier, that bore witness in many respects to a true will to protect the interests of the holders of copyright and neighbouring rights at Community level.

It is quite obvious that the huge effort to harmonize national legislation that has been made since then does not only mean that the operation of the Community's internal market has been improved. From an external point of view, it should be noted that the copyright harmonization not only constituted an element of competence for the Community – which is thus enabled to put its whole weight into international negotiations, such as those that led to the TRIPs Agreement⁶ or to the new WIPO Treaties⁷ – but that it also had an important effect on the copyright laws of those states that have signed the European Economic Area Agreement⁸ as well as those of Eastern Europe and other countries whose aim it is to become part of the Community.

3 *OJ* No. L 293 of 27 November 1993.

4 See also the modification made by the Maastricht Treaty to Article 92(3) with respect to 'aid intended to promote culture'.

5 Treaty signed in Amsterdam on 2 October 1997.

6 'Agreement on the Trade-Related Aspects of Intellectual Property Rights' of 15 April 1994.

7 WIPO Copyright Treaty and WIPO Performances and Phonograms Treaty of 20 December 1996. See also S. von Lewinski, 'Die diplomatische Konferenz der WIPO 1996 zum Urheberrecht und zu verwandten Schutzrechten', *GRUR Int.* 1997, pp. 667–681; E.J. Arkenbout, 'Nieuwe verdragen over auteursrecht en naburige rechten', *Informatierecht/AMI* 1997, pp. 67–73, and J. Reinbothe, 'Droit d'auteur et droits voisins dans le marché unique de la Société de l'Information', *Auteurs & Media* 1996, p. 482.

8 The Agreement on the European Economic Area signed on 2 May 1992 in Oporto with the EFTA countries (*OJ* No. L 1 of 3 January 1994), in its Protocol No. 28 requires the Member States to adhere to the copyright legislation of the Community (H.C. Hansen, 'Developments in EEC Copyright Law' in: Hansen (ed.), *International Intellectual Property Law & Policy*, vol. 1, New York/London, 1996, pp. 11–35).

3. The harmonization of copyright laws has taken some time to get going. It was not until June 1988 that the Commission submitted a detailed draft on the approximation of laws with regard to copyright and neighbouring rights in the form of a Green Paper, entitled 'Copyright and the Technological Challenge'.⁹

The Green Paper drew the attention of all parties to the problem of piracy, a problem that demanded action both within the Community and in its external relations. The Commission took the opportunity to stress the urgency of strengthening copyright protection. At the same time, it very clearly reaffirmed the need to recognize neighbouring rights throughout the Community.

However, despite its impressive size, the Green Paper contained only rather limited proposals. It was also criticized on the grounds of its exclusively mercantile spirit.¹⁰ After carrying out broad-based consultations and public hearings, the Commission rapidly amended its approach. Subsequently, on 17 January 1991, a communication was published with the title 'Follow-up to the Green Paper'.¹¹ With its vast detail of information, this document gave a clear signal for the harmonization of copyright and neighbouring rights.

4. In the Follow-up communication, the Commission began by proclaiming the need to have a 'base' common to all Member States on which it would subsequently be possible to more readily construct individual solutions.¹² This minimum common base for harmonization was to be found, quite naturally, according to the Commission, in the then most recent versions of the major international conventions on copyright and neighbouring rights. This meant that by 31 December 1991 all Member States should have ratified both the 1971 Paris Act of the Berne Convention and the Rome Convention of 26 October 1961, or to have acceded to them. Thus as early as 11 December 1990 the Commission had submitted to the Council a proposed decision,¹³ which was amended slightly on 14 February 1992 in order to take into account the observations made by the European Parliament and by the Economic and Social Committee.¹⁴ Following opposition by some Member States that wished to prevent the Community from extending its competence to such international conventions, the Council restricted itself to adopting a simple resolution on 14 May 1992,¹⁵ in which it

9 COM (88) 172. With regard to this document, see A. Françon, 'Réflexions sur le livre vert', *RIDA* 1989, 139, pp. 129–157.

10 See in particular the contributions by M. Möller, F. Gotzen, J. Corbet, G. Dworkin and A. Françon in: *Droit d'auteur et Communauté européenne. Le livre vert sur le droit d'auteur et le défi technologique*, CIR Collection No. 1, Kluwer Story-Scientia, Brussels, 1989. *Comp.*: H. Cohen Jehoram, 'Harmonizing Intellectual Property Law within the European Community', *HC* 1992, p. 627; D. Franzone, 'Droit d'auteur et droits voisins: bilan et perspectives de l'action communautaire', *Revue marché unique européen* 1993, pp. 143–146.

11 COM (90) 584.

12 Paragraph 1.10.

13 COM (90) 582. *OJ* No. C 24 of 31 January 1991.

14 COM (92) 10.

15 Resolution of 14 May 1992, concerning the strengthening of protection for copyright and neighbouring rights, *OJ* No. C 138 of 28 May 1992.

took note of the undertaking of States to become party, before 1 January 1995, to the Paris Act of the Berne Convention and to the Rome Convention. Since this act has been adopted not as a formal decision but simply as a non-compulsory resolution, this leaves the initiative with the States. It has to be added, however, that there is also another international instrument constituted by the Agreement on the European Economic Area signed on 2 May 1992 in Oporto with the EFTA (European Free Trade Association) countries which came into force on 1 January 1994.¹⁶ This Agreement comprises Protocol No. 28 concerning intellectual property. In that Protocol, Article 5 requires the Contracting States to become party, before 1 January 1995, to the latest versions of the major international conventions dealing with that subject. Those, of course, include the Berne and Rome Conventions. On top of this, there is now also the obligation stemming from the TRIPs Agreement of 15 April 1994. Article 9 states that:

‘Members shall comply with Articles 1–21 and the Appendix of the Berne Convention (1971). However, Members shall not have rights or obligations under this Agreement in respect of the rights conferred under Article 6 *bis* of that Convention or of the rights derived therefrom.’

Although this text contains only an obligation for the States to confer rights that are of the same qualitative level as those of the Berne Convention without any commitment to become a Party to that Convention, it seems clear that the easier way for any State to fulfil that obligation is simply to ratify the Paris version of the Berne Convention.¹⁷

5. The Green Paper on ‘Copyright and the Technological Challenge’ intended to initiate ‘as soon as possible’ the legislative procedure towards a Directive on computer programs.¹⁸ The programme of work of 17 January 1991 moved in the same direction.¹⁹ Thus, a proposed directive was already submitted on 5 January 1989.²⁰ Despite the fact that an involved debate had developed on the protection of interfaces and on decompilation, the text nevertheless progressed and resulted, after publication by the Commission of a modified proposal,²¹ in the Council Directive of 14 May 1991.²²

16 *OJ* No. L 1 of 3 January 1994.

17 P. Katzenberger, ‘TRIPs und das Urheberrecht’, *GRUR Int.* 1995, p. 456.

18 For more details, see F. Gotzen, ‘Programmes d’ordinateur et banques de données’, in: *Droit d’auteur et Communauté européenne*, CIR Collection No. 1, Kluwer Story-Scientia, Brussels, 1989, p. 23 *et seq.*

19 Paragraph 5.2.2.

20 Proposed directive on the legal protection of computer programs, *OJ* No. C 91 of 12 April 1989.

21 Modified proposal of 18 October 1990, following the amendments made by the European Parliament, *OJ* No. C 320 of 20 December 1990.

22 *OJ* No. L 122 of 17 May 1991. With regard to this Directive, see B. Czarnota and R. Hart, *Legal Protection of Computer Programs in Europe*, London, 1991; F. Brison and J.P. Triaille, ‘La directive C.E.E. du 14 mai 1991 et la protection juridique des programmes d’ordinateur en droit belge’, *Journal des Tribunaux* 1991, pp. 782–791; T.C. Vinje, ‘Die EG-Richtlinie zum Schutz von Computerprogrammen und die Frage der Interoperabilität’, *GRUR Int.* 1992, pp. 250–259.

The Directive clearly opts for software protection under copyright. It is noteworthy that the text mentions the Berne Convention on a number of occasions. Thus, in its very first article, Member States are required to protect computer programs 'under copyright as literary works within the meaning of the Berne Convention'.²³ The main reason that incited the drafters of the text to choose that option was precisely the will to enter into an international system of protection that already existed and that required no formality. That was its major advantage compared with other arrangements which, through a *sui generis* system of protection that would perhaps be better adapted to the specific nature of this particular matter, would have demanded the drafting of a new international instrument, as had been the case in the field of integrated circuits.²⁴

As to substance, it will be noted that, effectively, the Directive contains elements based on the traditional concepts of copyright. This is demonstrated, for example, in the limitation of protection to the form of expression, excluding ideas and principles (Article 1.2). The same may be said of the definition of originality as 'the author's own intellectual creation' without qualitative or aesthetic requirements (Article 1.3). And even the term of protection proves to be very conventional since, after having followed the Berne Convention with a 50 years *post mortem* rule, it now follows the 70 years *post mortem* tendency imposed by the Directive on the term of protection.²⁵

However, from other points of view, the Directive departs from accepted concepts of copyright. Thus, it is clearly the spirit of industrial property that emerges in the provision under Article 2.3 which, unless otherwise agreed, empowers the employer to exercise all economic rights in software created by his employee in the execution of his duties or following instructions.

It will also be noted that this Directive introduces a number of special exceptions that are specifically intended for the software field. Thus, under Article 5.1, and unless otherwise agreed, the lawful acquirer of a program may carry out the normal acts of reproduction and adaptation where they are technically necessary for normal use. For example, the loading and running of a program even if such operations require certain forms of reproduction in the computer, or the correction of errors. Likewise, and despite any contractual provision to the contrary, it will be permissible for any lawful user to make a back-up copy (Article 5.2). Finally, reproduction and adaptation of another person's software are permitted within the limits of Article 6 if the aim is to make it compatible with an independently created program. This so-called decompilation cannot serve, however, as a pretext for counterfeiting the original software.

23 See also Article 6.3. Computer Program Directive.

24 The Washington Treaty on Intellectual Property in Respect of Integrated Circuits of 26 May 1989. See in this respect, F. Gotzen, *Chip Protection/La protection des circuits intégrés*, CIR Collection No. 2, Kluwer Story-Scientia, Brussels, 1990.

25 Article 11 of the Directive of 29 October 1993, on harmonization of the term of protection, which repeals Article 8 of the Directive on computer programs.

6. Immediately after publication of the programme of work, there appeared a very important proposal for a 'Directive on rental and lending rights and on certain neighbouring rights', presented by the Commission on 13 December 1990.²⁶ Under the cooperation procedure, Parliament made a number of amendments which led the Commission to present a modified proposal,²⁷ and the Council finally adopted Directive 92/100 on 19 November 1992.²⁸

As set out in its title, this directive in fact covers two different subjects. The first chapter institutes an exclusive right of commercial rental afforded to authors of all types of works, except for works of architecture or of applied art. Computer programs are also excluded for the simple reason that the relevant Directive of 14 May 1991 already afforded such a right. The same exclusive right of rental is also afforded to performers with respect to fixations of their performances, to phonogram producers and to producers of the first fixation of a film. Where an author or a performer has transferred or assigned his rental right in respect of a phonogram or a film to a phonogram or film producer, he in all cases maintains his unwaivable right to equitable remuneration. An assignment of the rental right, together with the obligation to pay the corresponding remuneration, is deemed to have occurred with respect to performers in a film by the simple fact of a production contract having been individually or collectively concluded. In principle, the rightholders referred to above also enjoy an exclusive public lending right, but the States have been given the option of derogating from the exclusive nature of such right. However, such derogations may not be such that they deprive Community authors of the right to remuneration, but the States may exempt certain categories of establishments from the payment of that remuneration.

A second chapter contains a set of rules on neighbouring rights that follows the model of the Rome Convention and, in some respects, even goes beyond it. For instance, an exclusive right of fixation is afforded to performers with regard to their performances and to the broadcasting organizations with regard to their broadcasts. In addition, exclusive reproduction and distribution rights are instituted for performers, phonogram producers and for the first fixations of films, and also for broadcasting organizations. Finally, an exclusive right with regard to broadcasting and communication to the public is afforded for live performances. The same applies in relation to broadcasts where they are rebroadcast or are communicated in a place accessible to the public against payment of an entrance fee. In addition, a right to equitable remuneration is afforded both performers *and* producers where a commercially available phonogram is broadcast or communicated to the public. Although similar, this latter solution goes much further than that contained in Article 12 of the Rome

26 OJ No. C 53 of 28 February 1991. In respect of this proposal, see S. von Lewinski, 'Vermieten, Verleihen und verwandte Schutzrechte. Der zweite Richtlinienvorschlag der EG-Kommission', *GRUR Int.* 1991, pp. 104–111.

27 OJ No. C 128 of 20 May 1992. The words "in the field of intellectual property" were added to the title.

28 OJ No. L 346 of 27 November 1992. See J. Reinbothe and S. von Lewinski, *The EC Directive on Rental and Lending Rights and on Piracy*, London, 1993.

Convention, since it not only admits of no reservation within the Community, but also makes it no longer possible to exclude performers from remuneration.

As a result of an amendment introduced by Parliament, a rather unexpected provision has also been included in the Directive, stating that at least the principal director of a cinematographic or audiovisual work is to be considered one of the authors of such work.

7. In the field of broadcasting, another directive was adopted on 27 September 1993. This was the Council Directive 93/83 on the co-ordination of certain rules concerning copyright and rights related to copyright applicable to *satellite broadcasting and cable retransmission*.²⁹

As far as satellites are concerned, the Directive starts from the principle that the authorization to broadcast simply has to be requested once only in the country of origin of the broadcast, defined as the Member State in which, under the control and responsibility of the broadcasting organization, the signals are introduced into an uninterrupted chain of communication leading to the satellite and down towards the earth. This avoids the cumulative application of several national laws to one and the same act of satellite broadcasting.³⁰ However, this should not stop the level of remuneration taking into account the real or potential audience that will in most cases cover a number of countries. To prevent the application of this principle leading to the broadcasters all setting up in the Community country that has the lowest level of protection, the Directive also stipulates a minimum level of protection for authors and rightholders. Thus, with regard to authors, communication to the public by satellite generates a right of authorization throughout the Community and thus excludes any statutory license. Likewise, with regard to neighbouring rights, all Member States must afford them, for the purposes of communication to the public by satellite, those rights that had already been afforded to them under Directive 92/100 referred to above.³¹

As far as cable is concerned, the new Directive relies on freely negotiated agreements. However, action by collective management societies representing the various categories of rightholders becomes compulsory. In order to facilitate the course of negotiations with the cable operators, each party must nevertheless have the possibility of calling upon mediators whose impartiality is beyond reasonable doubt. Additionally, the principle is laid down that no party shall prevent negotiations without valid justification.

8. On 29 October 1993,³² the Council adopted a directive on the harmonization of the term of protection of copyright and certain related rights.

29 OJ No. L 248 of 6 October 1993.

30 W. Rumphorst, 'Erwerb des Satellitensenderechts für ein bestimmtes Territorium?', *GRUR Int.* 1993, pp. 934-935.

31 Articles 6, 7, 8 and 10 of the Directive of 19 November 1992, on rental right and lending right and on certain rights related to copyright. Where this Directive speaks of broadcasting, that expression is to be understood as also covering communication by satellite.

32 Directive 93/98, OJ No. L 290 of 24 November 1993. On this text, see P. Wienand, 'Copyright Term Harmonization in the European Union', *Copyright World* 1994, pp. 24-28.

This Directive basically resulted, in most countries, in lengthening the term of protection since it requires that the author's economic rights be protected for 70 years after his death and that the term of all neighbouring rights be extended to 50 years after publication, communication or broadcast of the performance in question. The Directive should have come into force on 1 July 1995. However, in the case of the moral rights afforded to the author, the initial proposal by the Commission to maintain those rights at least up until expiry of the economic rights was not upheld in the final text. Its Article 9 declares that 'this Directive shall be without prejudice to the provisions of the Member States regulating moral rights.'

The second paragraph of Article 10 is likely to produce peculiar results on occasion, since it requires that the terms of protection laid down in the Directive be applied to all works and performances that were still protected on 1 July 1995 by domestic law in at least one Member State or that meet the criteria for protection under Directive 92/100. An example could be a German work that has fallen into the public domain in Belgium as a result of the 50 years *post mortem* rule, but that was still protected in Germany on 1 July 1995, due to the German term of 70 years *post mortem*. At such a time, subject to rights acquired by other parties, we will witness in Belgium and other Community countries a real rebirth of an author's right that we might have thought had expired.³³

9. The most recent Directive is that of 11 March 1996 on the legal protection of databases (Directive 96/9/EC).³⁴

This text sets out the principle of database protection provided by copyright. In some of its provisions, it reproduces almost word for word the contents of the Directive on computer programs. However, one element that is altogether new in comparison with the Software Directive is the generalization at Community level of the 'catalogue rule' as found in Scandinavian law.³⁵ The interesting feature of this rule is the possibility of protecting against commercial pillaging a collection of data that has been painstakingly put together and which, although not necessarily original in the copyright meaning, has nevertheless acquired an intrinsic value that a competitor may wish to enjoy without expense.

The heading of Chapter I covers the two following chapters by defining the scope of the directive. Article 1, in its first paragraph, states first of all that 'this Directive concerns the legal protection of databases *in any form*'.³⁶ In other words, not just on-line databases but also those on CD-ROM or CD-i will be included. The second paragraph of the same Article continues by declaring that 'for the purposes of this

33 For a more elaborate study of this problem and its solutions, see C.A. Alberdingk Thijm, 'Handel in dode auteurs leidt tot vragen', *Informatierecht/AMI* 1997, pp. 115-123.

34 *OJ* No. L 77/20 of 27 March 1996.

35 See G. Karnell, 'The Nordic Catalogue Rule', in: E.J. Dommering and P.B. Hugenholtz (ed.), *Protecting Works of Fact*, Deventer, 1991, pp. 67-72.

36 Article 1.1. Database Directive.

directive, "database" shall mean a collection of independent works, data or other materials arranged in a systematic or methodical way and individually accessible by electronic or other means'.³⁷ Thus the directive includes both collections of pre-existing protected works, whether literary, artistic, musical or other, and collections of non-protected material such as numbers, facts and data. From Recital 14 it becomes also very clear that protection under this Directive should be extended to cover non-electronic databases, such as paper-based databases. The requirement that the materials be 'arranged in a systematic or methodical way' means that the recording of audiovisual, cinematographic, literary or musical works as such does not fall within the scope of this Directive.³⁸ It also explains why the simple compilation of several recordings of musical performances on a CD is also outside its scope.³⁹

10. In its *copyright* chapter,⁴⁰ the Database Directive harmonizes the criteria by which databases were already given protection in most of the States of the European Union. In Article 3 it is stated that 'databases which, by reason of the selection or arrangement of their contents, constitute the author's own intellectual creation shall be protected as such by copyright'. And the text goes on to specify that 'no other criteria shall be applied to determine their eligibility for that protection'. One can easily recognize the wording already used both in the Software Directive and in the directive on the term of protection where it deals with photographs. It could therefore be argued that the Commission is seeking to harmonize the standard of originality which must be met in order to ensure copyright protection.⁴¹

The copyright protection of databases provided for by this Directive does not extend to their contents and is without prejudice to any rights subsisting in those contents themselves.⁴² This is affirmed in the second paragraph of Article 3, and Recital 18 explains that authors of pre-existing works or holders of a related right retain their rights to decide whether they want to allow their works or services to be included in the database.

In the initial Commission proposal there was also a provision identical to the one in the Software Directive, stipulating that where a database is created by an employee in the execution of his duties or following the instructions given by his employer, the employer shall be exclusively entitled to exercise all economic rights in the database so created, unless otherwise provided by contract. In the final text, this provision has

37 Article 1.2. Database Directive.

38 See also Recital 17 Database Directive.

39 This is clarified in Recital 19 Database Directive where it is argued that the compilation of several recordings of musical performances on a CD does not fall within the scope of this Directive, because a compilation does not meet the conditions set in this Directive for protection.

40 Chapter II (Articles 3 to 6) Database Directive.

41 G. Schricker, 'Farewell to the "level of creativity" (Schöpfungshöhe) in German copyright law?', *HC* 1995, p. 46.

42 J. Gaster, 'La nouvelle directive européenne concernant la protection juridique des bases de données', *Auteurs & Media* 1996, p. 190.

been left out and Recital 29 leaves this question of works made for hire to the discretion of Member States.

The Directive then enumerates the restricted acts and the mandatory or optional exceptions to these acts.⁴³ These will in any case have to include the users' freedom to perform acts that are necessary for accessing the database and using its contents in the normal way.⁴⁴

11. The main innovation of the new directive lies, however, in the *sui generis* chapter. Chapter III⁴⁵ grants a new *sui generis* right to the maker of a database. This right will apply irrespective of the eligibility of that database for protection by copyright or by other rights. Moreover, it will apply irrespective of the eligibility of the contents of that database for protection by copyright or by other rights.

The object of the *sui generis* right is to ensure protection of any investment in obtaining, verifying or presenting the contents of a database.⁴⁶ This principle leads to two consequences. First, that the maker of a database is defined in Recital 41 as the person who takes the initiative and the risk of investing, excluding subcontractors. Second, it also means that the criterion on which to determine the eligibility of the database for a *sui generis* protection is not a subjective one, like originality in the copyright sense, but an objective one, defined as the 'qualitatively and/or quantitatively substantial investment in either the obtaining, verification or presentation of the contents' of a database.⁴⁷ Recital 40 specifies that such an investment may consist not just of the implementation of financial resources but also of the expending of time, effort and energy.

To protect this investment from piracy, the maker⁴⁸ of a database is given the right 'to prevent acts of extraction and/or reutilization of the whole or of a substantial part, evaluated qualitatively and/or quantitatively, of the contents of that database.' 'Extraction' will mean the permanent or temporary transfer of all or of a substantial part of the contents of a database to another medium by any means or in any form.⁴⁹ 'Reutilization' will mean any form of making available to the public all or a substantial part of the contents of a database by the distribution of copies, by renting, by online or other forms of transmission.⁵⁰

The acts of extraction correspond to the category 'copying' in the copyright sense.⁵¹ We may note here that this right covers also the substantial but 'temporary'

43 Article 5–6 Database Directive.

44 Article 6.1. Database Directive.

45 Articles 7–11 Database Directive.

46 Recital 40 Database Directive.

47 A. Strowel and J.P. Triaille, *Le droit d'auteur, du logiciel au multimédia*, Namur, 1997, No. 399, p. 280.

48 The maker of the database as opposed to the author of the database in Article 4, Database Directive.

49 Article 7(2)a Database Directive.

50 Article 7(2)b Database Directive.

51 It is argued that the Commission wished to avoid the word 'copy', because of the copyright connotations such expression would imply. C. Gordon-Pullar and C. Ward, 'A common position reached on the Database Directive', *Computer and Telecommunications L. Rev.* 1995, p. 202.

transfer of data to another medium. Recital 44 explains that 'when on-screen display of the contents of a database necessitates the permanent or temporary transfer of all or a substantial part of such contents to another medium, that act should be subject to authorization by the rightholder'. In this way, the European Union has taken a position in the current debate on the question whether a temporary display on a screen may constitute an act of reproduction.

The notion of 'reutilization' is more complex, as it covers not just the right to distribute and to rent, but also the right to transmit online. It is important to note in this respect that if the first sale of a copy of a database within the Community by the rightholder or with his consent exhausts the right to control resale within the Community of that copy, the same will not be true in cases of online transmission.⁵² In such cases, the right to prohibit reutilization is not exhausted either as regards the database or as regards a material copy of the database or of part thereof made by the addressee of the transmission with the consent of the rightholder. This is in fact an application of the classical doctrine of the exhaustion of rights which states that this effect can only be present in the case of distribution of material copies and not in cases of communication or transmission in intangible form.

It is important to stress that this new right will be extremely broad as it will allow the maker of a database to prohibit not only the slavish imitation or the manufacture of a parasitic competing product, but also to prevent the making of a derived product that, though looking and feeling quite different from the original database, would nevertheless have relied too heavily on its contents, and thus harm the initial investment.⁵³ But, on the other hand, it must also be said that if the extracting or reutilization concerns only minor parts, the maker of a database cannot prevent it.⁵⁴ Moreover, as the *sui generis* right does not give rise to the creation of a new right in the contents of a database, the maker cannot prevent a third party from obtaining the data at his own time and expense from an independent source, even if it would amount to a substantial part of an existing database.⁵⁵

Cumulative protection remains possible, as paragraph 4 of Article 7 specifies that the *sui generis* right shall apply 'irrespective of the eligibility of that database for

52 Recital 43 Database Directive.

53 Recital 38 explains that 'the increasing use of digital recording technology exposes the database maker to the risk that the contents of his database may be copied and rearranged electronically, without his authorization, to produce a database of identical content which, however, does not infringe any copyright in the arrangement of his database'.

54 Article 8.1 Database Directive. 'But the repeated and systematic extraction and/or reutilization of insubstantial parts of the contents of the database which would have the result of performing acts which conflict with a normal exploitation of that database or which unreasonably prejudice the legitimate interests of the maker of the database shall not be permitted' (Art. 7.5 and Art. 8.2).

55 Recitals 45-46 and 18. See H.M.H. Speyart, 'De databank-richtlijn en haar gevolgen voor Nederland', *Informatierecht/AMI* 1996, p. 175. This is why we do not entirely agree with F. Pollaud-Dulian, 'Brèves remarques sur la directive du 11 mars 1996 concernant la protection juridique des bases de données', *Dalloz Affaires* 1996, pp. 539-540 and J.H. Reichman and P. Samuelson, 'Intellectual Property Rights in Data?', 50 *Vanderbilt L. Rev.*, 51, pp. 87-95 (1997) when they criticize what they consider to be an excessive monopolization of elements that should remain in the public domain.

protection by copyright or by other rights'. However, in many cases one should rather speak of coexistence of rights instead of cumulation, because, unless otherwise provided by contract, the holders of the rights will often not be the same persons. For instance, copyright in a database might be owned by the natural person who created it, whereas the *sui generis* right might go to the legal person who made a substantial financial and professional investment in it. Therefore, the author of the database is not necessarily the same person as its maker.

The term of protection will in principle be 15 years, but it must be added that Article 10 makes it possible to take into account the result of substantial updating. Paragraph 3 says indeed that 'any substantial change, evaluated qualitatively or quantitatively, to the contents of a database, including any substantial change resulting from the accumulation of successive additions, deletions or alterations, which would result in the database being considered to be a substantial new investment, evaluated qualitatively or quantitatively, shall qualify the database resulting from that investment for its own term of protection'. In practice, the effect of this rule might well be that every database that has some dynamics in it will be given eternal protection.⁵⁶ In fact, such a solution is not as revolutionary as it might seem. Are we not used, in classical copyright theory, to the phenomenon of republications or of regular supplements to loose-leaf sets, resulting in longer terms of protection?

Being neither covered by classical conventions in the field of intellectual property nor by the TRIPs agreement, the *sui generis* right does not fall under any obligation to grant national treatment. This is why Article 11 of the Directive can make the protection of third country databases dependent on an agreement with the European Union, which will be based on the proof of reciprocity.

12. It seems very clear that this directive is of vital importance for any further Community action, as was shown by the 1995 Green Paper of the Commission on Copyright and Related Rights in the Information Society.⁵⁷ In this document, the Commission declared that the Database Directive 'will be the basis for all complementary future initiatives' in this field. This was reaffirmed in a 1996 communication on the Follow-up to the Green Paper: 'the Database Directive is a cornerstone of intellectual property protection in the new technological environment'.⁵⁸

The Coming Action of the Community

13. What are the other fields in which we might expect harmonization of laws in the very near future? A first reference must be made to the 'resale right'. On 13 March

56 T.M. Cook, 'The Current Status of the EC Database Directive', *Copyright World* August 1995, p. 31; J.H. Reichman - P. Samuelson, *op. cit.*, p. 90.

57 COM (95) 382.

58 COM (96) 568.

1996, the Commission proposed a Resale Right Directive for the benefit of the author of an original work of art.⁵⁹ An analysis of the national laws of Member States shows that some Member States have no legal regulations covering the resale right,⁶⁰ and that in those Member States where the resale right applies substantial differences exist as regards to works covered, to the holders of the right, to the transactions giving rise to payments of a royalty, and to other details of payment.⁶¹ This results in a choice between markets of Member States when works of substantial value are sold.⁶² Therefore, the Commission argued that in order to obtain an internal market an harmonization of the resale right is necessary.⁶³

14. Extensive consultations based not only on the 1995 Green Paper on Copyright and Related Rights in the Information Society⁶⁴ and the 1996 Follow-up,⁶⁵ but also on international developments, such as the new WIPO Treaties on copyright and on the protection of performers and phonogram producers⁶⁶ led to the adoption by the Commission of a new proposal of 10 December 1997 for a Directive harmonizing aspects of rules on copyright and related rights in the Information Society.

The proposal would grant authors, performers, producers of phonograms or of first fixations of films and broadcasting organizations an exclusive right to authorize or prohibit reproductions. The harmonized definition of the reproduction right would cover all relevant acts of direct or indirect reproduction; temporary or permanent, by any means and in any form, in whole or in part. This would also cover digital reproduction (such as the scanning of printed works) or the loading and/or storing of digitized material (such as text, music and video) in a computer's memory or on its hard disk or by any other electronic system.

There would be an obligatory exception to the reproduction right for certain temporary acts of reproduction dictated by technology but which have no separate economic significance. In addition, Member States would have the option of allowing additional exceptions to the reproduction right. However, these exceptions would be exhaustive in the sense that Member States would not be allowed to apply any other

59 COM (96) 97; OJ C 178, 16.

60 Austria, Ireland, the Netherlands and the United Kingdom.

61 For a more elaborate view of these differences, see P. Katzenberger, 'Harmonisierung des Folgerechts in Europa', *GRUR Int.* 1997, pp. 309–315 and C. Doutrélepon, *Le droit et l'objet d'art: le droit de suite des artistes plasticiens dans L'Union européenne*, Brussels, 1996, p. 490.

62 However, it should be noted that this results also from the lower VAT rates and lower administrative costs which are applicable in some Member States (M. Verstringe, 'Harmonisering van het volgrecht in de Europese Unie', *Auteurs & Media*, 1997, pp. 138–141).

63 Also the importance of the 'Phil Collins' judgment of the Court of Justice of 20 October 1993 (C-92/92 and C-326/92) should not be denied. Artists from Member States where no resale right exists have the possibility of obtaining this right in Member States where the resale right is regulated. See H. Cohen Jehoram, 'Het Phil Collins-arrest: een aardverschuiving in het (inter-)nationale auteursrecht', *Informatierecht/AMI* 1994, pp. 83–87.

64 COM (95) 382.

65 COM (96) 568.

66 WCT and WPPT treaties of Geneva, December 1996.

exceptions than those explicitly listed in the Directive. Moreover, when applying these exceptions, Member States would have to limit them to specific cases that do not conflict with a normal exploitation of their works or other subject matter and that do not unreasonably prejudice the rightholders' legitimate interests. These last limitations on exceptions correspond to the requirements of the two new WIPO Treaties.⁶⁷

The most important of those optional exceptions would concern reproductions on paper or similar support by using any kind of photographic technique or other processes with similar effects (reprography), as well as reproductions on audio, visual or audiovisual recording media made by private individuals for private use and non-commercial ends (private copying) and specific acts of reproduction made by public libraries, museums and other establishments accessible to the public which are not for direct or indirect economic or commercial advantage. Member States would also have the option of applying exceptions to the reproduction right in cases such as, *inter alia*, use for the sole purpose of illustration for teaching and scientific research, use of excerpts in connection with the reporting of current events, and quotations for criticism or review.

One of the effects of these optional exceptions would be that Member States would be free to maintain or introduce systems for compensating rightholders for private copying or photocopying (*e.g.* levies on the sale of blank tapes and audio and video recorders, and levies on photocopiers and photocopies). But there would be no obligation on Member States to introduce such private copying or photocopying levies. However, the Commission will undertake consultations with interested parties during 1998 on the issue of private copying in a digital environment. In doing so, the Commission will have to take into account that a purely exclusive right for digital reproduction at present holds some uncertainty for rightholders, because it has not yet been confirmed that technical systems of protection alone will be sufficiently reliable to allow rightholders to effectively control private copying and thus exercise their exclusive right.⁶⁸

According to the same Proposal, authors would be provided with a distribution right, which is the exclusive right to any form of distribution to the public by sale or otherwise of the original or of tangible copies⁶⁹ of their works. Perhaps the most important aspect of the Proposal in this context is that it would harmonize the 'exhaustion' issue. It would in particular confirm that the distribution right will be exhausted within the EU upon the first sale or other transfer of ownership *within* the EU of the original of their works or tangible copies of them by the rightholder or with his consent. This is a clear choice for the so-called principle of Community exhaustion. Under this principle, once an author has agreed that tangible copies of his work may be sold in one Member State, these copies can be sold throughout the EU. In this way

67 Art. 10 WCT, Art. 16 WPPT.

68 See also W.R. Cornish, 'Harmonisierung des Rechts der privaten Vervielfältigung in Europa', *GRUR Int.* 1997, pp. 305-308.

69 *E.g.*, on paper, CD, CD-ROM or tape. The distribution right does not apply to online services.

the 'international exhaustion' principle that is sometimes advocated in some Member States would be excluded. According to this last theory, the distribution right could be exhausted even if the ownership sold or transferred concerns territories outside the EU. The reason for not leaving Member States free to provide for international exhaustion lies within the negative effect such provision could have on the internal market.

The proposal provides authors also with a general exclusive right to authorize or prohibit any 'communication to the public' of originals or copies of their works by wire or wireless means. This right would include the right of making their works available to the public on demand, from a place and at a time individually chosen by each member of the public.⁷⁰

Similarly, performers, phonogram and film producers and broadcasting organizations would be provided with a general exclusive right to authorize or prohibit the making available to the public on demand, from a place and at a time individually chosen by the members of the public, of fixations of performances, phonograms, originals and copies of films and fixations of broadcasts.⁷¹

Member States would have the option of applying exceptions to the communication to the public right in cases such as use for the sole purpose of illustration for teaching and scientific research, use of excerpts in connection with the reporting of current events, and quotations for criticism or review.

Finally, the proposal would require Member States to provide adequate legal protection against any activities that would enable or facilitate the circumvention of anti-copying and rights management systems.

15. The proposed Directive does not include provisions concerning a possible liability of online service providers. This issue will be the subject of a separate, specific proposal for legislation due to be put forward by the Commission during 1998 as part of proposals for a more general regulatory framework for electronic commerce and other electronic services.

Still under review is also the highly controversial issue of applicable law and law enforcement, particularly in the Internet environment. In the Follow-up to the Green Paper on Copyright and Related Rights in the Information Society this is marked as an issue requiring further evaluation. Subsequently the Commission has stated that given the complexity of the existing legal situation, a clarifying communication addressing specific questions related to this matter will be necessary, and can be expected in the near future.⁷²

70 *Comp. Art. 8 WCT.*

71 Arts. 10 and 14 WPPT give this right only to audio performers and to producers of phonograms. The proposal treats audio and audiovisual performers and producers on an equal footing.

72 COM (96) 568, p. 24.

16. Another topic that has so far been practically untouched on the Community level⁷³ is the very delicate matter of moral rights. The hearing of professional circles, held in Brussels on 30 November and 1 December 1992 revealed a fairly wide divergence of opinion as to the opportuneness of harmonizing moral rights at Community level. However, in the Information Society context, it appears that, as works can easily be transformed, colorized or reduced with the advent of digitization, the individual author will have more difficulty in objecting to the unauthorised modification of his work and in claiming authorship of it. Although the Commission thinks the time is now fit to address the 'sensitive character of the question of moral rights',⁷⁴ it does not really express an opinion on this issue.⁷⁵ The Commission proposes to further study market developments in this field. Only if the existing disparities in the legislation of EU members constitute significant obstacles for the exploitation of works and related subject matter, is a harmonised approach for the issue deemed necessary.⁷⁶

17. Also still at the stage of preparatory study remains the topic of collecting societies. It was noted that neither Article 13 nor Recital 34 in the Directive on satellites and cable⁷⁷ attempt to pre-judge any eventual harmonization in the field of collecting societies, leaving it to Member States to regulate the activities of societies. But, as several of the aspects of acquisition and management of rights have an important implication for the internal market and as the digital evolution widens the scope for tracing and monitoring use in general, and private copying in particular, the Commission is now questioning whether a more harmonized form of management of rights would be advisable. In the Follow-up to the Green Paper⁷⁸ this issue is touched upon as an issue requiring further evaluation. As far as collective management is concerned, the Commission argues that there is a need to define at Community level the rights and obligations of collecting societies, in particular with respect to the methods of collection, the calculation of tariffs, the supervision mechanisms, and the application of the rules on competition to collecting societies and collective management.⁷⁹

73 The Computer Programs Directive provides that the employer exclusively shall be entitled to exercise all *economic* rights, ... (Article 2.3), the Term of Protection Directive states that 'the directive shall be without prejudice to the provisions of the Member States regulating moral rights' (Article 9), and the Database Directive makes it clear in its Recital 28 that 'moral rights remain outside the scope of this Directive'.

74 Green Paper on Copyright and Related Rights in the Information Society, COM (95) 382, Section VII.

75 The Commission states in the Follow-up to the Green Paper (n. 74) or above that 'the time is not yet ripe for concrete harmonization initiatives' (COM (96) 568, p. 28).

76 For a more detailed study of these rights within the European Union, see C. Doutrélepon, 'Das droit moral in der Europäischen Union', *GRUR Int.* 1997, pp. 293–305.

77 Directive 93/83 of 27 September 1993.

78 COM (96) 568, pp. 24–27.

79 See also W. Dillenz, 'Harmonisierung des Rechts der Verwertungsgesellschaften in Europa', *GRUR Int.* 1997, pp. 315–329.

18. We may conclude that the development of the information society is urging the Community to ensure a more general regulatory framework in the field of copyright and related rights in order to adequately respond to economic realities which are either not dealt with in the current national legislations or are only dealt with Member State by Member State, resulting in differences in protection and fragmentation of the internal market. This will lead the Community to further harmonization in very specific fields, and to co-operation at an international level.

Dutch Copyright: Right or Expediency? (1817–1912 and after)

F. Willem Grosheide

Copyright has developed – in this country and elsewhere – as a self-contained area of the law more or less outside the general legal debate. As a result, the debate, both on the need to balance right and expediency when formulating positive copyright law and on its place in the legal system as regards the laws in force since the second half of the nineteenth century, has followed a path of its own.¹ The distinction that needs to be made between the legitimization of copyright in terms of legal policy and its technical placement within the legal system is not always made. In an era like the last quarter of the twentieth century, where we are to some extent seeing uncontrolled growth in the law on intellectual property in general, and a proliferation of copyright law in particular, there is good reason to consider the situation.² Perhaps we can learn some lessons from history when it comes to formulating copyright law in the twenty-first century. This article attempts to do this by looking at the relationship between right and expediency in Dutch copyright law during the period from 1817 to 1912 and thereafter.

1. If the history of copyright law, including the parliamentary history of the Copyright Act 1912, teaches us anything then it is this: copyright is a cultural product that bears the marks of all the legal policy options brought up during its

* Cf. H. Cohen Jehoram, 'Urheberrecht: eine Sache des Rechts oder der Opportunität? Eine alte Debatte ohne Ende in den Niederlanden', *GRUR Int.* 1993/2, pp. 118–20.

1 See H.L. de Beaufort, *Het auteursrecht in het Nederlandse en internationale recht* (Utrecht 1909/Amsterdam 1993), pp. 49–50, and in particular p. 77: 'It cannot be denied that copyright (...) falls under private law; yet there seems to be a tendency to regard it as something separate. The leading manuals of civil law usually devote no more than passing comments to it, principally designed to prove that it is not a form of ownership; it is evidently not yet deemed worthy of a place of its own in the legal system.'

2 Cf. Stewart E. Sterk, 'Rhetoric and Reality in Copyright Law', *Michigan Law Review*, Vol. 94, March 1996, pp. 1197–1249.

development.³ This realization has never been better expressed than by the English writer and MP Macaulay in a speech to the House of Commons on 5 February 1841. The setting was a debate on extending the length of the copyright period under British copyright law as it then stood. Having stated that he intended to vote against the particular amendment, mainly, he argued, because extending the period would only disadvantage the public without benefiting authors, Macaulay introduced his massive and substantial objections as follows: 'The first thing to be done, Sir, is to settle on what principles the question is to be argued. Are we free to legislate for the public good, or are we not? Is this a question of expediency, or is it a question of right?'⁴ Expediency or right, that's the question, as it were. Macaulay does not hesitate: in an analysis *avant la lettre* of the economic aspects of the law he denies authors all rights to the fruits of their intellectual labours and declares that the public interest alone is a sufficient basis for a statutory copyright in the literal sense of the word.⁵

2. A quarter of a century later – in 1877 – we hear an echo of Macaulay's argument in the Netherlands. The Netherlands Lawyers' Association was discussing the consultative report on the subject: 'What general principle should the State apply to the rights of writers and artists concerning the products of their works?'⁶ A large majority (36 to 10 votes) of the élite of the Dutch legal profession considered that the principle should be that it was in the public interest 'that the law should confer an exclusive right of reproduction'.⁷ It is important to note here that an equally large majority rejected the view that any new statute should be based on the doctrine of literary or intellectual property (40 to 9) or on the principle 'that the labourer is worthy of his hire and anyone who enriches himself without reason from someone else's work should be obliged to repay his ill-gotten gains' (42 to 7).⁸

3 According to this view, copyright – in both the objective and subjective senses – is a recent legal institution that came into being and was developed as a result of a combination of social and paradigmatic circumstances during the period from the end of the eighteenth to the end of the nineteenth century in Europe: its introduction was designed to place legal curbs on the exploitation of cultural information by conferring private-law rights on the *auctores intellectualis* of certain mental productions. See F.W. Groshéide, *Auteursrecht op maat* (Deventer 1986), which lists relevant literature; *idem*, 'Paradigms in Copyright Law', in: Brian Sherman/Alain Ströwel, *Of Authors and Origins* (Oxford 1994), pp. 203–233. Cf. W.R. Cornish, *Intellectual Property* (3d ed., London 1996), p. 7 (1–06): Cornish refers to defined types of cultural, informational and entertainment productions. In nineteenth century opinion, copyright would be even better characterized as 'Kunstrecht' (kunst = art). Cf. De Beaufort, note 1, p. 142, on the object of copyright speaking as an artistic creation.

4 T.B. Macaulay, *Speeches* (1853 Tauchnitz Edition, vol. I), pp. 273–277. It is striking how much emphasis Macaulay placed on the 'free flow of information'.

5 Cf. E. Mackaay, *Economic incentives in markets for information and innovation*, Liberty Fund Symposium on Intellectual Property Rights and the Market System (24–26 August 1989, Aix-en-Provence, France); Landes/Posner, *An Economic Analysis of Copyright Law*, *Journal of Legal Studies* 1989, p. 325 ff.

6 *Handelingen der Nederlandsche Juristen-Vereeniging 1877*, consultative report by J. Freseman Viëtor, N. de Ridder (pp. 34 ff., 50 ff.), hereinafter referred to as *Handelingen NJV*.

7 *Handelingen NJV*, note 6, p. 71 (results of vote on Question Id).

8 *Handelingen NJV*, note 6, pp. 69–71 (results of vote on Questions Ia and Ib).

3. Even then – times have not changed in this respect – the debate in the Netherlands Lawyers' Association was reflected in subsequent legislation. We can assume, therefore, that the accepted principle, that 'copyright should prevent books not being published' (...) – as Fresemann Viëtor, the author of the consultative report expressed it – found its way into the Copyright Act 1881.⁹ This is a far cry from copyright in the current sense, however. It is true that, compared with the Copyright Act 1817, the new Act shifted the emphasis from the publisher/printer to the author, but it would be wrong to conclude from this that the reproduction right the law subsequently accorded to authors were conferred *ex persona* and without intervention by the law-makers. We may assume that here too Macaulay set the tone: the legislators were not codifying the reproduction right that belonged to authors by nature; they were creating a legal right in the public interest. Copyright under the 1881 Act subsisted *ex lege*, by virtue of the law.

4. Nor does the situation change if we consider that, according to some legal writers at the time of the 1881 Copyright Act, non-personal writings would not enjoy protection, which proved, they said, that the creative efforts of authors were the object of the legislation.¹⁰ They referred to the 1817 provisions, which they assumed the authors of the 1881 Act had followed, and which excluded such products of the mind as bibles, schoolbooks and almanacs. Consequently, they argued, all the cultural products that subsequently came to be referred to as *impersonal writings* in Dutch legal doctrine should be excluded from copyright protection.¹¹ This tied in with the German copyright tradition, in which only original writings were eligible for protection.

5. I doubt, however, whether the Dutch legislators of the time wished to copy the German-tinged idealistic legal approach to copyright. And I have the same doubts about the supposed reason for the exceptions in the 1817 Act. I think it more likely that, even then, the Dutch law-makers wished to follow a pragmatic, Anglo-Saxon approach. In my opinion, the exclusion from statutory copyright of bibles, schoolbooks and almanacs in the 1817 Act was directly based – indeed, it follows from the nature of these writings – on the idea of the public interest as it existed at that time. A monopoly on the printing and publishing of such works, deemed to be socially useful, was simply rejected as a matter of legal policy. To put it another way, the limitation this placed on the area covered by copyright did not result from wishing to reserve such protection for works attributable, in the true sense of the word, to authors.

6. This conclusion would at first sight seem to conflict with Van Engelen's finding, based on historical research, that it is unlikely that the legislators intended to confer copyright protection on authorless writings, since they followed a draft that came from the publishing world, which laid down originality as a precondition for protection, and

9 Wet van den 28sten Juni 1881 tot regeling van het Auteursrecht [Act of the 28th June 1881 Regulating Copyright] (*Staatsblad* [Bulletin of Acts and Decrees] No. 124); *Handelingen NJV*, note 6, pp. 46–47.

10 T.C.J.A. van Engelen, 'De geschriftenbescherming in de Auteurswet en de bescherming van daarmee op één lijn te stellen prestaties', *BIE* 1987/10, pp. 243–253.

11 T.C.J.A. van Engelen, *Prestatiebescherming en ongeschreven intellectuele eigendomsrechten* (1994), and the literature listed therein.

this view was adopted almost unanimously in legal circles.¹² There is no conflict, however, if we realize that the exclusion of the category of writings including bibles, school books and almanacs was due not to their supposedly authorless nature but to considerations of public interest which demanded unrestricted access to these writings. In other words, the fact that this category of writings was not accorded copyright protection is entirely separate from the fact that – if indeed this is the case – the authors of the 1881 Act intended to protect only *original* writings (they certainly did not include this stipulation in the Act).

7. Remarkably, however, since the end of the last century the Supreme Court has consistently granted copyright protection to authorless, impersonal writings in its decisions. Van Engelen concludes that it has developed this case law on the basis of a legalistic philosophy. His reasoning is as follows. The Copyright Act 1881 substituted the term *writings* for what had previously been called *literature*. When it then laid down that *all writings* were eligible for protection, this included authorless writings, as the Supreme Court indeed ruled in 1892 and 1895.¹³ History then repeats itself this century, when the Court, again citing the text of the Copyright Act – now the 1912 version – ('all other writings' in Section 10 (1)), but supplemented by a reference to the history of the legislation, which shows that the authors of the 1912 Act intended to follow the case law laid down under the 1881 Copyright Act, continued copyright protection for impersonal writings.^{14,15}

8. Viewed in this light, a contestable and presumably incorrect interpretation of the 1881 Act by the Supreme Court resulted in a jurisprudential trend that was followed by the authors of the 1912 Act and in turn made it legitimate for the Court to leave its previous judgments intact. But is this a plausible explanation of the developments we have outlined? It is more likely that the authors of the 1912 Act wished to follow a practice previously upheld by the Supreme Court whereby investments in writings such as programmes of festivities and almanacs merited legal protection. Under the 1881 and 1912 law they could only gain this protection under the narrow interpretation – contrary to accepted legal opinion – of a wrongful (= unlawful) act applied by that same Supreme Court, which lasted until the *Lindenbaum v. Cohen* case of 1919 – an approach unanimously condemned in legal circles.¹⁶

12 Cf. De Beaufort (1909), note 1, pp. 176–178, who argues that German legislation and case law did not provide protection of this kind. This, however, is to ignore the 'small-coinage' case law that already existed: for this see F. Thoms, *Der urheberrechtliche Schutz der kleinen Münze* (1980). Van Engelen (1994), note 11, pp. 37–38.

13 Van Engelen (1994), note 11, pp. 38–40, referring to Supreme Court 21 November 1892, *W.* 6274 ('*Leiden's ontzet*' programme of festivities); Supreme Court 29 April 1895 (2x), *W.* 6647 (*Rotterdam Church Messenger*).

14 Van Engelen (1994), note 11, pp. 35–36, referring to Supreme Court 1 November 1937, *NJ* 1937, 1092 (*Brunnen telephone directory*); Supreme Court 17 April 1953, *NJ* 1954, 211 (*Radio programme*); Supreme Court 29 January 1961, *NJ* 1962, 355 (*Explicator*); Supreme Court 25 June 1965, *NJ* 1966, 116 (*Televizier*).

15 Van Engelen (1994), note 11, p. 35, referring to Explanatory Memorandum, Official Reports II, 1911–1912, No. 227, No. 3, pp. 6–7; *idem*, No. 5, p. 16.

9. Aside from the question of whether – as Van Engelen argues – the Supreme Court's nineteenth and twentieth century judgments are in line with the old 'copyright', it seems to me that he is correct in concluding that the protection of impersonal writings 'is aimed at the work involved in producing writings for publication and is designed to provide a certain degree of protection in view of the economic investment and risk entailed. The protection of writings thus essentially grants exclusive rights to the publisher'.¹⁷ This conclusion and the analysis of the situation to which it relates are also convincing because they are compatible with the finding that copyright law in the period in question – in this country and other Berne Convention countries – only covered proprietary claims and was concerned solely with exploitation. *Droit moral* did not play a part in copyright law until the Convention was revised in 1928 and implemented in Dutch law in 1931.¹⁸ It is not without significance that, until the 1912 Copyright Act, copyright in the Netherlands related only to works the original of which (the first copy) was capable of being recorded in writing.¹⁹ Would it be going too far, in this connection, to argue that the requirement of originality not laid down in Dutch law (nor, for that matter, in the Berne Convention) but generally accepted by the courts at that time pointed more to a demarcation of the domain of copyright law from that of patent law, applying the requirement of novelty with regard to technical inventions than to an intrinsic quality of the protected work?²⁰

10. The advent of the 1912 Copyright Act sees the beginning of a new era in Dutch copyright law. Until the major revision of the Act in 1972, by which the Netherlands at long last responded to the 1967 revision of the Convention, the law-makers took action only once, in 1931, when they implemented the 1928 revision of the Convention. Since then the 1912 Copyright Act – as already noted – has contained provisions on *droit moral* (in Section 25). A more idealistic approach to copyright has also gained ground in legal doctrine, associated with authors like Hirsch Ballin, Gerbrandy and Cohen Jehoram. As a result, while there has been during this century a gradual 'socialization' of civil law, this has not been the case – or much less so – with copyright law. On the contrary, there has developed a view of the nature and content of this area of civil law that strongly emphasizes the interests of individual authors, thus confirming its isolated position. In the meantime, the courts have wavered between the pragmatism of the legal practice and the non-intervention of the law-makers on the

16 G.E. van Maanen, *Onrechtmatige Daad – Aspecten van de ontwikkeling en structuur van een omstreden leerstuk* (Deventer 1986), pp. 71–72. Also in particular W.L.P.A. Molengraaff, 'De "oneerlijke concurrentie" voor het Forum van den Nederlandschen rechter', *RM* 1887, pp. 373–435, also a contribution to the interpretation of Article 1401 of the Civil Code (1838) and the Trademarks and Industrial Trademarks Act.

17 Van Engelen (1994), note 11, pp. 121–122. In that respect, the Netherlands was in step with the protection of 'small-coinage' in Germany and of skill and labour in England.

18 Cf. in particular De Beaufort (1909), note 1, pp. 122–125; 231. Although De Beaufort acknowledged the personal link between the author and the work, he did not regard this as making copyright a *droit moral*; the link should be protected under the normal law of torts (pp. 123–124).

19 Copyright Act 1881, Section 1.

20 Cf. De Beaufort (1909), note 1, p. 141.

one hand, and the idealism of legal opinion on the other. This has resulted in an emphasis on decisions which uphold exploitation claims by authors against unfair competition.²¹

11. The changes that have taken place subsequently and the current situation would provide material for a separate review. Clearly, however, the scope for national law to go its own way has been substantially reduced over the last ten or twenty years. International rules and regulations at supranational (TRIPs Agreement, WIPO Copyright Treaty) and regional level (EU directives) are setting the tone, resulting in various amendments to the 1912 Copyright Act which can be regarded as enhancing the legal position of authors, especially juristic persons (e.g. film producers, software houses). At the same time copyright law is becoming increasingly commercialized, and the link with ordinary civil law has been tightened. The recent Dutch case *Dior v. Evora* is particularly significant here.²² Firstly, it confirms that modern copyright law has a role to play in regulating competition in industry and commerce, but adds a note of caution: this *entrepreneurial copyright* must not be applied indiscriminately to claims by commercial enterprises. There is a marked emphasis on *expediency*, then. Secondly, this case established, for the first time since the introduction of the 1912 Copyright Act, a direct link between ordinary civil law and copyright law, by making the application of the latter subject to the principles of reasonableness and fairness of the first (Civil Code, Articles 6:2 jo. 3:12).²³ The approach currently adopted by the Supreme Court generally seems to be finding favour in legal circles.

12. If we accept the foregoing analysis of developments in copyright law, we must conclude that the approach taken by the Dutch law-makers and courts in consultation with legal circles during the 1817–1912 period was pragmatic and more concerned with the public interest than the interests of individual authors. They thought of copyright law not so much in terms of right as of expediency.

In the 1912–1972 period it would seem to be the case that, with the Dutch legislature not intervening, an approach focusing emphatically on the rights of individual authors gained ground in legal circles, whereas the courts' approach was to attach significance particularly to upholding copyright claims related to new forms of exploitation and the corresponding markets. Enhancement of the legal position of authors is the predominant pattern of the Seventies and Eighties. The fact that in many cases nowadays the author is a juristic person led the Supreme Court, in the *Dior v. Evora* case, to qualify claims by juristic persons in the context of competition. This

21 *E.g.*, Supreme Court 19 January 1979, *NJ* 1979, 412 (*Poortvliet*); Supreme Court 1 June 1979, *NJ* 1979, 470 (*De Zon laundry*); Supreme Court 30 October 1981, *NJ* 1982, 435 (*Amstelveen cable TV*); Supreme Court 1 July 1985, *NJ* 1986, 692 (*Frenkel v. KRO*); Supreme Court 20 October 1995, *NJ* 1996, 682 (*Dior v. Evora*).

22 *See* note 22. The Supreme Court judgment was covered by EC Court of Justice 4 November 1997, Case C-337/95.

23 For the decisions of the Supreme Court and the Court of Justice *see* F.W. Grosheide, 'De commercialisering van het auteursrecht', *Informatierecht/AMI* 1996/3, pp. 43–50; *idem*, Annotatie, *Informatierecht/AMI* 1998/1, pp. 6–8.

approach, which as far as *entrepreneurial copyright* is concerned places the emphasis on expediency, provides scope for developing a 'tailor-made copyright' which would take account of the nature of the copyright-owner (*e.g.* natural person or legal person; individual artist or entrepreneur) and the type of object protected (*e.g.* art and literature and databases of fact).²⁴

24 A different view, it seems, is taken by Jane C. Ginsburg, 'Authors and users in Copyright' *Journal of the Copyright Society of the USA*, vol. 45, No. 1, Fall 1997, pp. 1-20, writing, for example: 'Copyright is a law about creativity; it is not, and should not become, merely a law for the facilitation of consumption'.

Implementing the European Database Directive

*P. Bernt Hugenholtz**

Introduction

On 11 March 1996, almost six years after the first proposal was presented to the Council,¹ the European Database Directive was finally adopted.² The Directive has created a unique two-tier protection scheme of electronic and non-electronic databases. Member States are to protect databases by copyright as intellectual creations. More importantly, the Directive provides for a novel *sui generis* right to prevent unauthorized extraction or re-utilization of the contents of a database.

Member States were to implement the provisions of the Directive by 1 January 1998. Most countries have completed the implementation process during the first half of 1998. In some countries implementation bills are still pending.

In the first part of this article the main provisions of the Directive will be critically reviewed. The second part presents an overview of the implementation of the Directive in the Member States.

Background

The Directive has its roots in the *Green Paper on Copyright and the Challenge of Technology*, which was published by the European Commission in 1988.³ In this policy paper the Commission announced its agenda for the future harmonization of various copyright issues involving information technology. Not surprisingly, the chapter on

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1 Proposal for a Council Directive on the Legal Protection of Databases, COM (92)24 final, Brussels, 13 May 1992, *OJ* 1992 C 156/4.

2 Directive 96/9/EC of the European Parliament and of the Council on the legal protection of databases, 11 March 1996, *OJ* No. L 77/20 of 27 March 1996.

3 Commission of the European Communities, *Green Paper on Copyright and the Challenge of Technology. Copyright Issues Requiring Immediate Action*, COM (88) 172 final, Brussels, 7 June 1988.

the protection of computer programs attracted the most attention. A separate chapter on the protection of databases went more or less unnoticed.

In the Green Paper the Commission observed that copyright might be inadequate in protecting database producers. The Commission tentatively suggested that protection might be extended to databases containing material not protected by copyright. In this context the Commission drew an analogy with the neighbouring rights protection enjoyed, in nearly all European countries, by phonogram producers.

Initially, the ideas of the Commission on database protection, which were presented in the Green Paper, did not receive the attention they deserved. At a hearing that took place in Brussels in April 1990 interested parties were given the opportunity to express their views. During the hearing a general preference for a copyright approach was expressed. As the Commission reported in its *Follow-up to the Green Paper* no support at all was given to a *sui generis* approach.⁴

The opinions expressed at the hearing were, at that time, illustrative of legal thinking on the protection of databases in Europe. For many years, copyright protection was generally considered an appropriate instrument for protecting database producers. This consensus was due, in part, to two important decisions by the French Supreme Court (Cour de Cassation) in the *Le Monde v. Microfor* case.⁵ According to the Court a database containing references and brief quotations qualifies for copyright protection as an 'information work' (*œuvre d'information*).

Perhaps, in retrospect, the European consensus was also influenced by a certain amount of wishful thinking. As in the case of computer programs, copyright is a very attractive solution. Copyright offers world-wide protection on a non-discriminatory basis, for a relatively long period of time, under relatively soft conditions.

In early 1991 the Supreme Court of the Netherlands (Hoge Raad) issued a first warning that copyright might not be the appropriate vehicle for database protection.⁶ In the *Van Dale v. Romme* case copyright protection was sought for the approximately 230,000 alphabetically ordered headwords contained in the 1984 edition of Van Dale's dictionary, the authoritative dictionary of the Dutch language. A certain Rudolf Jan Romme, whose hobbies included the solving of crossword puzzles, had copied the head-words onto computer disks and entered them into a database. In combination with a simple searching algorithm Romme was now able to speed up, or practically automate, the process of solving these puzzles.

Van Dale was granted copyright protection in two instances. The Supreme Court of the Netherlands reversed the decision. According to the Court a collection of words will only be protected by copyright 'if it results from a selection process expressing the author's personal views'. Since this severe test had not been applied by the Court

4 European Commission, *Follow-Up to the Green Paper*, COM (90) 584 final, Brussels, 5 December 1990.

5 Cour de Cassation 9 November 1983, *Droit de l'informatique* 1984/1, 20; Cour de Cassation 30 October 1987, *Droit de l'informatique* 1988/1, 34.

6 Supreme Court of the Netherlands 4 January 1991 (*Van Dale Lexicografie BV v. Rudolf Jan Romme*), published in English in: E.J. Dommring & P.B. Hugenholtz (eds.), *Protecting Works of Fact*, Deventer/Boston, 1991, p. 93.

of Appeal, the Supreme Court remanded the case to the Court of Appeals in The Hague for further decision.⁷

The *Van Dale v. Romme* decision was followed, a few months later, by the better-known *Feist* decision by the US Supreme Court.⁸ Under the *Feist* rule a compilation of data may qualify as an original work of authorship only if sufficient creativity is involved in either the selection, the arrangement or the co-ordination of the facts contained in the compilation. Invested labour ('sweat of the brow') as such does not merit copyright protection.

Both the *Van Dale* and the *Feist* decision strengthened the European Commission in its belief that copyright was not the optimal instrument in protecting databases. In the Explanatory Memorandum to the original proposal⁹ the relevance and scope of traditional copyright protection, based on original arrangement and selection, are critically examined. The Commission observes that in many cases the arrangement of the data in the database is not the work of any original creator, but rather the product of the database management software which is applied to the data. In addition, the Commission observes that originality based on selection has only limited practical value, since most databases tend to be comprehensive rather than 'selective'. In sum, traditional copyright leaves the essence of the database unprotected: the aggregate of the data compiled.

On 13 May 1992 the Commission presented its initial proposal to the Council. More than a year later (23 June 1993), the European Parliament voted in support of the proposal, subject to a large number of amendments. The amendment process resulted in an amended proposal, which was presented by the Commission on 4 October 1993.¹⁰ Thereafter, a period of relative silence set in until on 10 July 1995 the Council, rather suddenly, adopted a Common position, which was markedly different from the amended proposal.¹¹ The Common position was accepted by the European Parliament, in a second reading, on 14 December 1995.¹² On 11 March 1996 the Directive was finally enacted.

The Database Directive in Detail

The Directive 'concerns the legal protection of databases in any form' (Article 1 § 1). Unlike the original proposal, the Directive protects not only electronic databases, but

7 Court of Appeals The Hague 1 April 1993, *Nederlandse Jurisprudentie* 1994, 58 (decision of Court of Appeals Amsterdam upheld, considering that *Van Dale's* lexicographers *had* expressed their personal views in selecting head-words for entry in the dictionary).

8 *Feist Publications, Inc. v. Rural Telephone Service Co., Inc.*, 111 S.Ct. 1282 (1991).

9 Explanatory memorandum, note 1.

10 European Commission, Amended proposal for a Council Directive on the Legal Protection of Databases, COM (93) 464 final, Brussels, 4 October 1993, *OJ C* 308/1.

11 Common position adopted by the Council on 10 July 1995, *OJ C* 288/14.

12 *OJ C* 17 of 22 January 1996.

also databases in 'paper' form, such as telephone directories, and hybrid databases using microfilm. This expansion of the scope of the Directive must be applauded. Now that scanners are becoming standard equipment for the information consumer, there is no compelling reason to treat 'paper' and electronic data compilations in different ways. Already, the TRIPs Agreement of 1995 provided for copyright protection of databases 'whether in machine readable or other form' (Article 10 § 2 TRIPs). Similarly, Article 5 of the WIPO Copyright Treaty of 1996 calls for copyright protection of compilations of data or other material 'in any form'.

Article 1 § 2 defines the Directive's object of protection:

'Database' shall mean a collection of independent works, data or other materials arranged in a systematic or methodical way and individually accessible by electronic or other means.

Thus, a 'database' is more than a mere collection of simple data. A collection of works of authorship, such as an anthology, encyclopaedia or multimedia CD, may also qualify as such. A database may even consist of other 'materials', i.e., pieces of information that do not qualify as either works or data, such as sound recordings, non-original photographs, etc. According to the Explanatory Memorandum, the database may contain all sorts of works or materials. The contents of the database is described as "'information" in the widest sense of that term'.¹³

The individual elements comprising a database must be 'independent'. Not every collection of works, data or materials is a database within the meaning of the Directive. The collection of moving images together constituting a movie (film) is not a 'database'. Recital 17 expressly excludes 'a recording or an audiovisual, cinematographic, literary or musical work as such'.

The individual elements of the database must be 'arranged in a systematic or methodical way'. The proverbial shoebox containing random notes, therefore, does not qualify as a database; neither does a hard disk containing unsorted, raw data. The Explanatory Memorandum excludes from the definition of a database 'the mere stockage of quantities of works or materials in electronic form'.¹⁴

However, according to Recital 21, 'it is not necessary for those materials to have been physically stored in an organized manner'. It follows that a collection of unsorted data fixed on a hard disk or other digital medium would qualify as a database if combined with database management software enabling retrieval of the stored data.

The elements collected in the database must be 'individually accessible by electronic or other means'. In other words: the stored works, data or other materials must be retrievable. Thus, a diskette with neatly arranged data, but without a searching algorithm, would not qualify as a database.

¹³ Explanatory Memorandum (note 1), p. 19.

¹⁴ Explanatory Memorandum (note 1), p. 41.

According to Recital 20, the protection granted under the Directive also applies to 'the materials necessary for the operation or consultation of certain databases such as thesaurus and indexation systems'. These important bibliographic tools, therefore, are protected as (parts of) a database. The Directive does not, however, protect the computer software driving the database as such (Article 1 § 3). Computer programs are protected by the Software Directive of 1991.¹⁵

COPYRIGHT PROTECTION

The copyright part of the Directive is set out in Chapter 2. Databases will enjoy copyright protection only if 'by reason of the selection or arrangement of their contents, they constitute the author's own intellectual creation' (Article 3 § 1). The 'selection or arrangement' criterion is reminiscent of Article 10 § 2 of the TRIPs Agreement. It has been developed in case law, *inter alia* by the Supreme Court of the United States in *re Feist*. The level of originality required ('the author's own intellectual creation') is the same as in Article 1 § 3 of the Software Directive and Article 6 of the Terms of Protection Directive¹⁶ (in respect of photographs). It is a typical European compromise, higher than the British requirement of 'skill and labour', but lower than the test of 'Überdurchschnittlichkeit', well known from the *Inkassoprogramm* decision of the German Federal Supreme Court.¹⁷

According to Gaster, the Commission official who was directly involved with the drafting of the Directive, *all* continental European Member States would have to lower the existing requirement of originality in respect of databases:

*Politically speaking the common law Member States will have to lift the bar for application of copyright protection, whereas the continental civil law countries will have to lower it. This bridging the gap between copyright and droit d'auteur is certainly not de minimis.*¹⁸

Legislators in most Member States in Continental Europe tend to disagree. The Directive's requirement resembles the originality test developed in doctrine and case law to such a degree that no need for express implementation would arise.

Article 5 enumerates the rights protected under copyright: a broadly phrased right of reproduction (including 'temporary or permanent reproduction by any means and in any form, in whole or in part'), rights of adaptation, distribution (subject to

15 Council Directive 91/250 on the legal protection of computer programs, *OJ L* 122/42 of 17 May 1991.

16 Council Directive 93/98/EEC of 29 October 1993 harmonizing the term of protection of copyright and certain related rights, *OJ L* 290/9 of 24 November 1993.

17 Federal Supreme Court of Germany, 9 May 1985, *Computer und Recht* 1985, 22. See G. Schricker, Farewell to the 'Level of Creativity' (Schöpfungshöhe) in German Copyright Law?, *IIC* 1995, 41.

18 Jens L. Gaster, 'The EU Council of Ministers' common position concerning the legal protection of databases: a first comment', *Entertainment Law Review* 1995, 260.

Community exhaustion), and communication to the public. Article 5 exemplifies the *acquis communautaire* frequently referred to in the Commission's recent proposal for a *Directive on the harmonization of certain aspects of copyright and related rights in the Information Society*, which was presented on 10 December 1997.¹⁹

Somewhat superfluously, Article 6 § 1 of the Directive provides that a lawful user may perform all restricted acts necessary for normal use. Interestingly, this exemption may not be overridden by contract (Article 15); similar mandatory exemptions are found in the Software Directive.

The Directive fails to harmonize copyright ownership or authorship in respect of databases. A provision in the original proposal that would allocate the economic rights to the employer of the creator of the database (similar to Article 2 § 3 of the Software Directive), was eventually deleted. What remains is the Member State's freedom to allocate authorship to a legal person (Article 4 § 1).

The Directive allows for all exemptions traditionally found in the copyright laws of the Member States (Article 6 § 2 d). However, unauthorized copying for private purposes from *electronic* databases is not permitted. Clearly, the European legislature has been convinced, by the rightsholders' persistent lobbying, that 'digital is different'. Whether such an all-encompassing exclusive right will be enforceable in practice, taking into account the freedom of expression and information and the right of privacy protected in (*inter alia*) the European Convention on Human Rights, remains to be seen.

Copyright in databases offers relatively 'thin' protection. Copying parts of the database without appropriating, either in whole or in part, the structure (selection or arrangement) of the data, does not amount to copyright infringement. In practice, therefore, the copyright protection granted under Chapter 2 of the Directive will remain relatively unimportant. It is the *sui generis* right of Chapter III that is the essence of the Directive.

SUI GENERIS RIGHT

The *sui generis* right of the Directive has undergone a significant evolution between the presentation of the first proposal and the final adoption of the Directive. Initially, the right was conceived as a special rule of unfair competition.²⁰ In the original proposal (Article 2 § 5) it was defined as a right to prevent *unfair* extraction, protecting only against (unauthorized) acts of *commercial* usage:

Member States shall provide for a right for the maker of a database to prevent the unauthorized extraction or reutilization, from the database, of its contents, in whole or in substantial part, for commercial purposes...

¹⁹ Brussels, COM (97) 628; <http://europa.eu.int/comm/dg15/en/index.htm>.

²⁰ J.H. Reichman and P. Samuelson, 'Intellectual property rights in data?', 50 *Vanderbilt Law Review* 51, at 81 (1997).

In the amended proposal (Article 10 § 1) the right was redefined as a 'right to prevent *unauthorized* extraction'. In the final version of the Directive even the word 'unauthorized' has disappeared.²¹ As is illustrated by Recital 42, the right applies not only in competitive situations, but also 'to acts by the user which go beyond his legitimate rights and thereby harm the investment'.²²

Article 7 § 3 of the Directive confirms that the right has become a full-fledged property right: it is transferable, and can be subject to licensing. The *sui generis* right has become a right similar in nature to the topography right protecting the design of semiconductor chips.

In the end, the *sui generis* right appears to have acquired most of the traits of a right of intellectual property. According to Gaster, the *sui generis* right is an economic right that 'has nothing in common with unfair competition remedies because it does not sanction behaviour *a posteriori* and because it provides for a term of protection'.²³ If this is true, the consequences of the Directive for the European information market will be far-reaching. Prior to implementation, intellectual property protection for non-original compilations existed in just a few Member States (the United Kingdom, Denmark, Sweden and the Netherlands). Most Member States provided only for unfair competition remedies to be applied in special circumstances or none at all.

The scope of the *sui generis* right has expanded horizontally as well. In the original and amended proposals, the right was designed as a safety net, to be applied only in respect of subject matter not otherwise protected by copyright or neighbouring rights. In its final form, the *sui generis* right adds an extra layer of protection, which may cumulate with existing rights of intellectual property.

Subject matter

The *sui generis* right protects the 'sweat of the brow' of the database producer, i.e., the skill, energy and money invested in the product. This investment must be 'substantial'. According to Recital 7 'the making of databases requires the investment of considerable human, technical and financial resources while such databases can be copied or accessed at a fraction of the costs needed to design them independently'. Apparently, this leaves some room for the protection of databases resulting from artificial intelligence (computer generated databases).

The Directive offers little guidance as to the minimum amount of investment required. For political reasons, the Commission has attempted to exclude musical recordings on CD from the scope of the Directive. Recital 19, rather unconvincingly, explains that 'as a rule,

21 Traces of the *sui generis* right's unfair competition law origins remain visible in the Directive. For instance, Recital 6 explains the need for the creation of the right 'in the absence of a harmonized system of unfair-competition legislation or of case-law'.

22 H.M.H. Speyart, 'De databank-richtlijn en haar gevolgen voor Nederland (II)', *Informatierecht/AMI* 1996/9, p. 176.

23 Gaster (note 18), at 259.

the compilation of several recordings of musical performances on a CD does not come within the scope of this Directive, both because, as a compilation, it does not meet the conditions for copyright protection and because it does not represent a substantial enough investment to be eligible under the *sui generis* right’.

The investment protected must be either ‘qualitative’ or ‘quantitative’ in nature. A qualitative investment may result from the expertise of a professional, *e.g.*, a lexicographer selecting the key words for a dictionary. In practice, however, most databases will probably result from a quantitative investment, involving ‘the deployment of financial resources and/or the expanding of time, effort and energy’ (Recital 40).

According to Article 7 § 1, a substantial investment must be made ‘in either the obtaining, verification or presentation of the contents’ of the database. The ‘obtaining’ obviously refers to the collection of data, works or other materials comprising the database. ‘Verification’ relates to the checking, correcting and updating of data already existing in the database. ‘Presentation’ involves the retrieval and communication of the compiled data, such as the digitization of analogue files, the creation of a thesaurus or the design of a user interface.

The Directive defines the owner of the *sui generis* right as the ‘maker of a database’ (Article 7 § 1). Pursuant to Recital 41, the ‘maker of a database is the person who takes the initiative and the risk of investing’; subcontractors are excluded from the definition.

Scope

The *sui generis* right is defined in Article 7 § 1 as a right

to prevent extraction and/or reutilization of the whole or of a substantial part, evaluated qualitatively and/or quantitatively, of the contents of that database.

Extraction is defined as ‘the permanent or temporary transfer of all or a substantial part of the contents of a database to another medium by any means or in any form’. The right pertains to the downloading, copying, printing, or any other reproduction in whatever (permanent or temporary) form.

Reutilization is defined as ‘any form of making available to the public all or a substantial part of the contents of a database by the distribution of copies, by renting, by on-line or other forms of transmission’. The Directive does not define a ‘substantial part’, an omission that has been criticized in literature.²⁴ According to the Explanatory Memorandum ‘no fixed limits can be placed in this Directive as to the volume of material which can be used’.²⁵

24 W.R. Cornish, ‘1996 European Community Directive on Database Protection’, 21 *Columbia-VLA Journal of Law & the Arts* 1 (1996), at 8.

25 Explanatory Memorandum (note 1), p. 52.

The taking of insubstantial parts of the database does not infringe the *sui generis* right, unless this is committed in a 'repeated and systematic' manner to the detriment of the database producer (Article 7 § 5). Thus, incidental browsing and piecemeal copying from databases, even by unauthorized users, appear to be lawful. On the other hand, librarians, scientists, journalists and other information providers who routinely search databases in preparing their information products, will encounter severe problems in complying with this provision.²⁶

Exemptions

The Directive allows for only limited statutory exemptions in respect of the *sui generis* right. Article 9 leaves no room for many traditional limitations, such as journalistic freedoms, quotation rights, library privileges or reuse of government information. Apparently, the users' freedom to extract and reutilize insubstantial parts of the database was considered, by the European legislature, to be sufficient. In view of the lack of certainty as to what constitutes a 'substantial' part, this is questionable. Moreover, the makers of the Directive seem to have overlooked the fact that extracting or reutilizing even substantial parts of a database may constitute a perfectly legitimate use. European users will find comfort in the freedom of expression and information guaranteed in Article 10 of the European Convention on Human Rights, which is part of Community law. It will be interesting to see whether national legislatures or courts will have the courage to legitimize unauthorized uses not listed in Article 9 of the Directive.

An especially tragic figure in the Directive's scheme of things is the 'lawful user'. Whereas unlawful users remain free (as the proverbial bird) to compete with database producers and rightsholders, the lawful user may not:

- perform acts which conflict with normal exploitation of the database or unreasonably prejudice the legitimate interests of the maker of the database; or
- cause prejudice to the holder of a copyright or related right in respect of the works or subject matter contained in the database (Article 8 § 2 and 3).

Fortunately, the user may at least extract and reutilize insubstantial parts of the database of which he is a lawful user (Article 8 § 1). Again, the terms of the database license may not provide otherwise (Article 15).

²⁶ Cf. *Bits of Power: Issues in Global Access to Scientific Data*, Committee on Issues of Transborder Flow of Scientific Data, US National Committee of CODATA, National Research Council, National Academy Press, Washington DC, 1997; J.H. Reichman and P. Samuelson, 'Intellectual property rights in data?', 50 *Vanderbilt Law Review* 51, at 113 (1997).

Compulsory Licences

The initial proposal of the Directive provided for a scheme of compulsory licences. If certain data or pieces of information could be acquired from only one source (i.e., the database concerned), the maker of the database could be compelled to license under fair and non-discriminatory terms the use of such data (Article 8 § 1 and 2 of the initial proposal). These provisions have been deleted from the final Directive.

This is somewhat surprising in view of the decision of the European Court of Justice in *re Magill*.²⁷ The Court upheld the compulsory licences imposed by the European Commission on public broadcasters BBC, ITV and RTE, who owned the copyrights in their TV programme listings. Irish publisher Magill had been refused the licences necessary to publish a 'comprehensive' TV guide, including all programme listings relevant to the Irish viewers. No such guides were available at the time to Irish or British audiences. BBC, ITV and RTE each published their own TV guide, containing only proprietary programme listings. According to the European Commission, the broadcasters' behaviour was an abuse of a dominant position in the sense of Article 86 of the EEC Treaty; the European Court agreed.

All that is left of the compulsory licensing scheme originally proposed is Recital 47, admonishing that 'in the interests of competition between suppliers of information products and services, protection by the sui generis right must not be afforded in such a way as to facilitate abuses of a dominant position, in particular as regards the creation and distribution of new products and services which have an intellectual, documentary, technical, economic or commercial added value...' The recital further clarifies that the provisions of the Directive are without prejudice to the application of Community or national competition law. Moreover, the Directive obliges the Commission to submit before 2001 a report on the application of the Directive to the other EC organs, with special focus on possible abuses of the sui generis right (Article 16 § 3).

Duration

The duration of the extraction right is 15 years from the date of completion of the database (Article 10 § 1), or if later, the first making available to the public (Article 10 § 2). In practice, most databases will be protected for a much longer period. According to Article 10 § 3, 'any substantial change, evaluated qualitatively or quantitatively, to the contents of the database, including any substantial change resulting from the accumulation of successive additions, deletions or alterations, which would result in the database being considered to be a substantial new investment, evaluated qualitatively or quantitatively, shall qualify the database resulting from that investment for its own term of protection'. Thus, a regularly updated database is

²⁷ European Court of Justice, 6 April 1995, I C.E.C. 400 (*RTE v. Commission of the European Communities*).

awarded *permanent* protection. According to Recital 55, a mere 'substantial verification of the contents of the database' would be enough to qualify for a new term of protection, presumably even if this would not substantially alter the contents of the database.

Beneficiaries of protection

In view of the Member States' commitment towards the Berne Convention, the assimilation principle applies in respect of the Directive's copyright regime. Thus, US copyright owners may invoke copyright protection of databases in Europe under the rules of national treatment. Things are different in respect of the *sui generis* right. According to Article 11 of the Directive only nationals of a Member State or Community citizens will qualify for protection under the *sui generis* right. Also, companies and firms formed in accordance with the law of a Member State and having their registered office, central administration or principal place of business within the Community, will qualify (Article 11 § 2). The Council of the European Union may extend protection to nationals or residents of third countries on the basis of special agreements (Article 11 § 3). Surely, material reciprocity will be required for any such agreement to come into existence.

Undoubtedly, the European Commission's wish to portray the *sui generis* right as something completely different from existing intellectual property rights or unfair competition law is directly linked to the issue of reciprocity. According to Gaster 'the requirement of reciprocity is consistent with international obligations since the *sui generis* right is a legal innovation and is not therefore covered by any international instrument.'²⁸ Independent commentators are not so sure. According to Cohen Jehoram, if the *sui generis* right is to be qualified as a right of industrial property, the rule of national treatment of the Paris Convention for the Protection of Industrial Property (Article 2 § 1) applies.²⁹ Similarly, Cornish suggests that Article 11 may fall short of Article 10*bis* of the Paris Convention (unfair competition).³⁰

The recently published Brittan Plan for the creation of a common market between the European Union and the United States suggests that the US would qualify for a special bilateral agreement if legislation securing a comparable level of protection to database producers were adopted by Congress.³¹

28 Gaster (note 18), at 261.

29 H. Cohen Jehoram, 'Ontwerp EG-richtlijn databanken', *IER* 1992/5, p. 133.

30 Cornish (note 24), at 10.

31 *Agence Europe*, 25 March 1998.

Implementing the Directive

Article 189 of the EC Treaty leaves Member States the freedom to choose the means of implementing a Directive.

An obvious choice for the implementation of the copyright chapter of the Directive is to amend national copyright laws in accordance with its provisions. In respect of the *sui generis* right, the Directive offers Member States little guidance. In the Explanatory Memorandum to the original proposal the Commission suggests such a right may be included in existing legislation in the field of unfair competition.³² In view of the gradual evolution of the *sui generis* right, it is doubtful whether this remains true for the Directive in its present form. So far, Member States have chosen to deal with the *sui generis* right either in a special section of the copyright law or in a special law.

Member States were to implement the provisions of the Directive by 1 January 1998 (Article 16 § 1). Only a handful of states have met this deadline. In some Member States implementation bills are still pending; in a few countries no visible legislative activities have occurred at all.

Since directives are not directly binding upon the citizens of the European Union, in those Member States where implementation is not complete, the Directive does not apply. Even so, the European Court of Justice has, on several occasions, instructed national courts to interpret existing laws as much as possible in conformity with a directive.³³ For reasons of legal security, however, such interpretation must not contradict existing law.³⁴ In other words, a directive may not be interpreted *contra legem*.³⁵

The Database Directive has effect not only in the European Union but in the entire European Economic Area, including the three EEA countries that have remained outside the European Union, i.e., Norway, Iceland and Liechtenstein. Central and Eastern European countries aspiring to EU membership have also indicated they will comply with the Directive by 31 December 1999. Eventually, the Directive will be implemented in some 30 European states.³⁶

The final part of this article comprises a brief, country-by-country analysis of the results of the implementation process.³⁷ From this analysis it will become clear the Directive has yielded disappointing results. Harmonization of the standard of originality has not been achieved. In some countries compilations of data are now subjected to a *triple* standard. Copyright limitations applicable to databases vary from country to country. The same is true, albeit to a lesser degree, for the *sui generis* right.

32 Explanatory memorandum (note 1), p. 54.

33 European Court of Justice, Case 14/83, *Jur.* 1984, p. 1891 (*Von Colson*); *id.*, Case C-106/89, *Jur.* 1990, p. I-4135 (*Marleasing*).

34 European Court of Justice, Case 80/86, *Jur.* 1987, p. 3969 (*Kolpinghuis*).

35 Supreme Court of the Netherlands (Hoge Raad) 25 October 1996, *Informatierecht/AMI* 1997/2, p. 29 (*Pink Floyd*), with case comment S. Prechal, p. 23.

36 Th. Hoeren, *EU leads world towards database protection*, <http://www.ipww.com/jul97/p23eu.html>.

37 This overview is up-to-date until 1 August 1998.

GERMANY

The German legislature was the first to implement the Database Directive. The *Information and Communication Services Act*³⁸ (also known as the Multimedia Act), which was adopted on 1 August 1997, contains a special section (Article 7) which transposes the Directive into the German Copyright Act. The Act rather loosely follows the wording of the Directive.

Copyrightable databases are defined as 'database works', as part of a broader class of 'collections' (§ 4 (1)). Interestingly, the German legislature has refused to transpose the Directive's originality requirement literally ('the author's own intellectual creation'). Instead, database works must pass the traditional test of 'personal intellectual creation' (§ 4 (1)). Apparently, the legislature has considered the latter test to be equivalent to the Directive's originality requirement. Indeed, so-called small change (*kleine Münze*) has traditionally enjoyed copyright protection in Germany under comparatively soft conditions.³⁹ The more severe test of *Überdurchschnittlichkeit*, requiring a more than average quality of the work, has been applied by the Federal Supreme Court mainly in respect of computer software and other information products of a technical nature.

A new Chapter 6 of the Copyright Act deals with the *sui generis* right. Judging from its place in the German Copyright Act (Part II), it is considered a neighbouring right.⁴⁰ This part contains relatively broad limitations to the *sui generis* right, including a right to reproduce a substantial part of a database 'for the purposes of personal scientific use, if and to the extent that the copying for this purpose is necessary and the scientific use does not serve commercial purposes' (§ 87 c (1) 2), as well as 'for personal use in teaching, in non-commercial institutions of education and further education and in vocational training in a quantity required for one school class' (§ 87 c (1) 3).

AUSTRIA

Austria has transposed the Directive into the Austrian Copyright Act⁴¹ in a similar fashion to Germany.⁴² Copyright protected databases are defined as 'database works'. The harmonized originality standard has not been implemented as such. In respect of databases the revised Austrian Act has maintained its requirement of *Eigentümlichkeit* (individual character). The economic rights in a database created in an employment

38 English translation available at: <http://www.iid.de/rahmen/>.

39 P.B. Hugenholtz, 'Protection of compilations of fact in Germany and the Netherlands', in: E.J. Dommering & P.B. Hugenholtz (eds.), *Protecting Works of Fact*, Deventer/Boston, pp. 59–65.

40 M. Vogel, 'Die Umsetzung der Richtlinie 96/9 über den rechtlichen Schutz von Datenbanken in Art. 7 des Regierungsentwurfs eines Informations- und Kommunikationsdienstegesetzes', *ZUM* 1997, p. 594.

41 Bundesgesetzblatt I No. 25 of 9 January 1998, effective 1 January 1998.

42 See Ulrike Paukner, 'The Implementation of the EU Directive on the Legal Protection of Databases in Selected Member States', paper prepared for Fordham University School of Law, Summer 1998 (unpublished).

relationship are allocated to the employer. A new Chapter IIa of the Act deals with the *sui generis* right, treating it effectively as a neighbouring right. Interestingly, and clearly in conflict with Article 11 (1) of the Directive, a private person producing a database will benefit from the *sui generis* right only if (s)he is an Austrian citizen or resident.

UNITED KINGDOM

In the United Kingdom the Directive has been implemented by way of the Copyright and Rights in Databases Regulations 1997⁴³, which were adopted by the Secretary of State for Trade and Industry on 18 December 1997. Having their legal basis in the European Communities Act, the Regulations are restricted in their effect to amending U.K. law to the extent necessary for complying with the Directive.⁴⁴

Part II of the Regulations amends the Copyright, Designs and Patents Act 1988. Databases are treated as a subset of the category of literary works. As expected, the originality standard is raised in respect of databases. According to Section 3A (2) 'a literary work consisting of a database is original if, and only if, by reason of the selection or arrangement of the contents of the database the database constitutes the author's own intellectual creation.' Thus, in respect of databases the traditional skill and labour test no longer applies in the United Kingdom.

The Regulations do not alter the originality standard in respect of compilations that do not qualify as databases. In respect of such 'non-database' compilations the skill and labour test is maintained. The net result is that in the UK compilations may qualify for protection in one of three ways: database copyright, 'skill and labour' copyright, and database right (*sui generis* right). It remains to be seen whether this is in accordance with the Directive.⁴⁵

Part III of the Regulations deals with the *sui generis* rights and its exemptions. The right, aptly called a *database right*, is defined as a property right (Section 13). Typically, many of the recitals of the Directive have been transposed into material provisions of the law. For example, the 'maker of a database' is defined in Section 14 (1) as 'the person who takes the initiative in obtaining, verifying or presenting the contents of a database and assumes the risk of investing in that obtaining, verification or presentation'. If the database is made by an employee in the course of his employment, the employer shall be regarded as the maker, subject to any agreement to the contrary (Section 14 (2)). The Regulations also provide for Crown database rights (Section 14 (3)).

43 Copyright and Rights in Databases Regulations 1997, SI 1997/3032, HSI – Issue 302, p. 10145, effective 1 January 1998.

44 Simon Chalton, 'The Copyright and Rights in Databases Regulations 1997: Some Outstanding Issues on Implementation of the Database Directive', [1998] *EIPR* 178.

45 Stanley Lai, 'Database Protection in the United Kingdom: the New Deal and its Effects on Software Protection', [1998] *EIPR* 33.

Furthermore, the Regulations provide for a fair dealing exemption that permits extractions for the purpose of illustration for teaching or research. Interestingly, the Regulations also exempt the innocent infringer who cannot reasonably ascertain the identity of its maker or who may assume database right has expired (Section 21 (1)). Moreover, the Regulations contain detailed exemptions for the purpose of public administration, specified in an appended Schedule.

NORDIC COUNTRIES

The Directive's *sui generis* right appears to be inspired, at least in part, by the so-called *catalogue rule*, a traditional and unique feature of Nordic law.⁴⁶ The copyright laws of all five Nordic countries (Denmark, Finland, Iceland, Norway and Sweden) contain provisions protecting non-original compilations of data, such as catalogues, tables and similar compilations, provided they comprise a large number of items. For the Nordic countries, therefore, the Directive is of only limited consequence.

Implementation acts amend the catalogue rule to expressly protect non-original databases that meet the Directive's substantial investment test.⁴⁷ Apparently, databases that fail this test, but do contain a sufficiently large number of items, will continue to enjoy catalogue protection. In keeping with the Directive, the catalogue right now also includes a right of making available to the public. The duration of catalogue protection is extended by five years to conform to the Directive's term of 15 years from completion or publication.

The Nordic countries benefit from Recital 52 of the Directive, which permits 'those Member States which have specific rules providing for a right comparable to the *sui generis* right' to retain 'traditional' exceptions. Thus the Swedish Act exempts from catalogue protection materials traditionally held uncopyrightable, such as laws and regulations, decisions and reports by public authorities, et cetera. By the same token, the existing extended collective licensing provisions equally apply. However, the Directive's ban on private copying from databases in digital form has been transposed, both in respect of the catalogue rule and normal copyright. Interestingly, the Swedish Act contains a broadly phrased non-overrideability clause banning all contractual provisions extending the producer's rights beyond the scope of the statutory catalogue right (Article 49 (1)).

The copyright part of the Directive has been implemented in rather minimalistic fashion. Databases are not expressly listed as a category of protected works. The harmonized originality standard has not been transposed.

46 Gunnar W.G. Karnell, 'The Nordic Catalogue Rule', in: Egbert J. Dommering and P. Bernt Hugenholtz (eds.), *Protecting Works of Fact*, Deventer/Boston, 1991, p. 67.

47 *Sweden*: Copyright Amendment Act, SFS 1997, p. 790, effective 1 January 1998; *Finland*: Act of 3 April 1998, effective 14 April 1998, FFS, p. 963; *Denmark*: Act No. 407 of 26 June 1998, effective 1 July 1998.

SPAIN

In Spain the Database Directive was implemented by the Act of 7 March 1998, amending the Intellectual Property Act of 1996.⁴⁸ The Act closely follows the wording of the Directive. The copyright provisions of the Directive are integrated in the copyright part (Book I) of the Act. Databases are protected as compilations (Article 12). The right of accessing computer-stored works by telecommunications media, a modern feature of the Act of 1996, has been reworded in media-neutral terms to cover 'the public access *in whatever form* to the works incorporated in a database...' (Article 20 (2)(i)). The *sui generis* right has been faithfully transposed in Book II of the Act, together with existing neighbouring rights.

FRANCE

On 1 July 1998 an amendment to the French *Code de la Propriété Intellectuelle* was enacted.⁴⁹ As in Spain, databases are copyright protected as compilations. The way in which the French legislature has transposed the Directive's compulsory lawful use exemption (Article 6 (1) of the Directive) raises interesting questions. Article L 122-5 (5) of the revised Act permits 'the acts necessary for access to the contents of an electronic database for the purposes and within the limits of the *usage foreseen by contract*'. Since the lawfulness of a use may stem both from the law (*e.g.*, a statutory exemption) and from contract, the French exemption appears to be in conflict with the Directive.

The *sui generis* right is laid down in a new Title IV of Book III of the Code. The producer of a database is defined as the person taking the initiative and risk of the investments involved; the (substantial) investment may be of a financial, material or human nature (Article L 341 (1)). In respect of the *sui generis* right the lawful use exemption (Article 8 (1) of the Directive) appears to have been correctly transposed. Article L 342-3 (1) permits the extraction or reutilization of insubstantial parts of the contents of a database '*par la personne qui y a licitement accès*'. Surprisingly, the French act does not provide for any exceptions to the *sui generis* right for educational or scientific purposes.

The amendment has entered into force on 1 July 1998. However, the penal sanctions have retroactive effect as from 1 January 1998 (Article 8).

48 Act No. 5/1998 of 6 March 1998, BOE No. 57 of 7 March 1998, p. 7935, effective 1 April 1998.

49 Act No. 98-536 of 1 July 1998, J.O.R.F. of 2 July 1998, p. 10075, effective 1 July 1998.

BELGIUM

On 16 July 1998 the Belgian legislature enacted a law transposing the Directive into Belgian law.⁵⁰ The copyright provisions are amendments to the Belgian Copyright Act of 30 June 1994. The Act creates a separate law dealing with the *sui generis* right and its exemptions.⁵¹

The copyright rules largely reflect the corresponding provisions of the Directive. Article 20 *bis* of the revised Copyright Act faithfully reproduces the harmonized originality standard. The economic rights in databases created under employment in the so-called non-cultural sector are presumed to have been transferred to the employer (Article 20 *ter*); a similar rule already existed in respect of computer programs. The Belgian legislature takes a broader view of the lawful use exemption than its French counterpart. A lawful user is defined as 'a person performing acts authorized by the author or permitted by law' (Article 20 *quater* (4)).

The revised Copyright Act contains extremely complicated exemptions regarding the reproduction of databases for educational or scientific purposes, subject to remuneration. Officially recognized institutions enjoy even broader freedoms, i.e. to make a database available to the public under specified conditions. Interestingly, *all* exemptions, including those relating to the *sui generis* right, are made imperative (Article 23 *bis* of the revised Copyright Act, Article 8 of the Act of 16 July 1998).

The implementation act almost literally transposes the *sui generis* provisions of the Directive. According to the Explanatory Memorandum (p. 2), the *sui generis* right is similar to existing rights of phonogram producers, film producers and broadcasting organizations. Therefore, the new right is considered a neighbouring right.

ITALY

On 24 April 1998 the Italian Parliament formally delegated to the executive the power to implement a number of EC Directives.⁵² Article 43 of the Act expressly refers to the Database Directive. Implementation must be completed by May 1999.

THE NETHERLANDS

On 20 July 1998 a bill implementing the Database Directive was introduced in the Second Chamber of the Dutch Parliament. Previously, several preliminary drafts had

50 Act of 16 July 1998, effective 1 September 1998.

51 For commentary see Mireille Buydens, 'Le projet de loi transposant en droit belge la directive européenne du 11 mars 1996 concernant la protection juridique des bases de données', *Auteurs & Media* 1997, p. 335; P. Goethals and J. Dumortier, 'Rechtsbescherming van databanken: het Belgisch wetsontwerp', *Computerrecht* 1998/3, p. 127.

52 Act No. 128/98 of 24 April 1998, *Gazetta Ufficiale*, Suppl. ord., n. 104 of 7 May 1998.

been circulated by the Ministry of Justice. Interestingly, the first draft would have transposed the *sui generis* right as a set of special rules of unfair competition law. The bill departs from this approach. Instead, the *sui generis* right is now formulated as a right of intellectual property.

The Dutch Copyright Act has traditionally protected so called *non-original writings*, i.e. texts, compilations of data and other information products expressed in alpha-numerical form, that do not meet the test of originality.⁵³ This regime, a remnant of an eighteenth-century printer's right, somewhat resembles the *sui generis* right introduced by the Directive. Will the ancient regime survive the new Directive? Judging from the bill, it probably will not. Databases that qualify for *sui generis* protection are excepted from the definition of 'writings'.

It is unlikely the Dutch legislator will 'lower the bar' for normal copyright protection of databases. Even though the test applied by the *Van Dale* court seems to be rather severe, the Directive's requirement of 'the author's own intellectual creation' fits in well with established case law and doctrine. The Dutch legislature will probably wish to avoid setting a double standard of originality.

The Directive does not seem to leave room for exceptions to the *sui generis* right beyond those enumerated in the Directive. In view of the existing Dutch copyright in non-original writings, the Netherlands might, arguably, invoke Recital 52, and retain traditional copyright exceptions.

A court case involving wholesale copying from a CD-ROM containing laws and regulations, has inspired controversy. According to the President of the District Court of The Hague, judging in summary proceedings, the Database Directive would not allow for a statutory limitation of the *sui generis* right in respect of such compilations. Under the Directive the CD-ROM publisher would, therefore, have been protected. However, since no implementation had taken place, and Article 11 of the Dutch Copyright Act clearly places laws and regulations in the public domain, no injunction was granted.⁵⁴

53 See P.B. Hugenholtz, 'Copyright and databases, Report on the Netherlands', in: M. Dellebeke (ed.), *Copyright in cyberspace*, ALAI Study Days, Amsterdam, 4-8 June 1996, Amsterdam, 1997, p. 491.

54 President District Court of The Hague 20 March 1998, *Informatierecht/AMI* 1998/4, p. 65 (Vermande/Bojkovski).

European Originality: A Copyright Chimera

Gunnar W.G. Karnell

Article 100 of the EC Treaty has provided the Council of Ministers with a mandate to approximate – to harmonize – *inter alia* national copyright laws within what is now the European Union.¹ By means of a number of directives, considerable effects have been achieved. Three directives contain provisions that attempt to provide harmony between Member States regarding what I shall here call the ‘originality criterion’, intended to determine to what, as factual elements, copyright protection shall apply within the Union. They thereby express the Commission’s view that the EU ‘requires clear predictability for rightholders and users of what exactly is protected’.² It has been said that the originality definition of the directives may be ‘*en passe de devenir un “standard” international*’.³ If this is correct, it is, in my view, what has been, at least initially, an unintentional effect of the harmonization endeavours of the European Commission and Council of Ministers.

The title of this article should indicate that I do not believe – although not entirely without regret – in the success of such originality harmonization, not for the European

1 A succinct presentation of EC harmonization endeavours regarding copyright is given in ICC vol. 25, No. 6/1994, pp. 821–839, by my friend and colleague Herman Cohen Jehoram, to whom I wish to render homage by this article of mine. On pp. 828–829, he approaches the subject of my article.

2 *Follow-up to the green paper on copyright and related rights in the information society*, Brussels, 20.11.1996, COM(96) 568 final, p. 10.

3 Lucas, A., and Lucas, H.-J., *Traité de la propriété littéraire et artistique*, Paris 1994, p. 105. A push in this direction provides a recommendation to the German Government – in a study undertaken at the Max-Planck Institut für ausländisches und internationales Patent-, Urheber- und Wettbewerbsrecht, Munich, now presented in book form *Urheberrecht auf dem Weg zur Informationsgesellschaft*, Baden-Baden 1997, edited by the Director of the Institute, Schrickler, G. – that any regulation relating to digital and multimedia works should be used to implement the ‘partial handicaps’ (*die partiellen Vorgaben*) attained by the three Directives to define anew and uniformly the protection standard in § 2 (2) of the German Copyright Act. At that, ‘individuality in the meaning of the authors own intellectual creation should be implied (*vorausgesetzt*)’ without use of other criteria, thereby excluding in particular the requirement of a particular level of creativity’ (my translation), p. 50.

Union, and at least not to the extent that may appear to have been in the mind of those who drafted the directives and of the European Council of Ministers.⁴ Even worse, I believe that there will be few, if any possibilities to verify the effects of the criteria developed, other than by possible default in the use of language by national courts, courts being what they are.⁵ Thus, I would be astonished if the European Court of Justice were to issue any clarification on the directives in question. It would not know what to correct if national courts, when arguing, only mind their Ps and Qs in carrying on as ever before.

Each of the articles on originality in the three directives aims at determining a standard for interpreting what is to be considered a literary or artistic work within the meaning of national law in the Member States. Certainly, the Berne Convention, to which they all adhere, provides guidance about what subject matter is to be protected, but it omits the crucial issue concerning eligibility for protection of whatever kind of literary or artistic product which it mentions – by way of examples – in its Article 2, be it a computer program, a photograph or a database or other kind of work. Only some databases are specified in Article 2 (5), namely in so far as they qualify as collections of literary or artistic works, in which case we learn that they ‘shall be protected as such’, if by reason of ‘the selection and arrangement of their contents’ they ‘constitute intellectual creations’.

Now, after a lengthy process, provisions aiming at a clarification of what protectability standard to apply to a specific item have been introduced for each of the three types of work just mentioned, by the Directives 1) 91/250/EEC of 14 May 1991 ‘on the legal protection of computer programs’, 2) 93/98/EEC of 29 October 1993 ‘harmonising the term of protection of copyright and certain related rights’ – concerning, in respect of what is of interest here, just photographic works – and 3) 96/9/EC of 11 March 1996 ‘on the legal protection of databases’. The texts of the relevant articles and their preambles read as follows:

1. *computer programs*: ‘A computer program shall be protected if it is original in the sense that it is the author’s own intellectual creation. No other criteria shall be applied to determine its eligibility for protection.’ (Article 1 (3)), explained by preamble (8): ‘Whereas, in respect of the criteria to be applied in determining whether or not a computer program is an original work, no tests as to the qualitative or aesthetic merits of the program shall be applied;’

4 It is evident that the directives have not been drafted to bring about a radical change of the language and terminology employed in courts in the Member States when discussing the protectability of literary and artistic works. Indeed, it is my contention that any harmonization following from the directives will be subject to the courts’ own preference for the *status quo*. Parties before them are used to traditional language, which they may also prefer themselves.

5 In an article in [1995] 3 *ENT. LR*, pp. 94–106, Sherwood-Edwards, M., under the title ‘The Redundancy of Originality’, questions ‘whether originality has any useful role’ in a test for ‘propertisation’ of copyright works. His arguments are interesting. Still, be that as it may, we shall have to live with ‘originality’ as a criterion for protection, if for no other justifiable reason than tradition, and that it now forms part of European law tools, notwithstanding the fact that it only very rarely appears as such in copyright statutes.

2. *photographs*: 'Photographs which are original in the sense that they are the author's own intellectual creation shall be protected in accordance with Article 1. No other criteria shall be applied to determine their eligibility for protection. Member States may provide for the protection of other photographs.' (Article 6), explained by preamble (17): 'Whereas the protection of photographs in the Member States is the subject of varying regimes; it is necessary to define the level of originality required in this Directive; whereas a photographic work within the meaning of the Berne Convention is to be considered original if it is the author's own intellectual creation reflecting his personality, no other criteria such as merit or purpose being taken into account; whereas the protection of other photographs should be left to national law;'
3. *databases*: 'In accordance with this Directive, databases which, by reason of the selection or arrangement of their contents, constitute the author's own intellectual creation shall be protected as such by copyright. No other criteria shall be applied to determine their eligibility for protection.' (Article 3), explained by preamble (16): 'Whereas no criterion other than originality in the sense of the author's intellectual creation should be applied to determine the eligibility of the database for copyright protection, and in particular no aesthetic or qualitative criteria should be applied;'

In all the European originality definitions of the Articles proper of the directives, we find the same positive and negative criteria. In the texts of the articles proper, the positive criteria are all similarly worded, giving originality the meaning of 'the author's own intellectual creation'. However, we have already seen that in the directive about photographs we also find – in the preamble and there referring to an interpretation of the Berne Convention which, in fact, is mute on the subject – that the creation by the author shall 'reflect his personality'. The negative criteria, under the general negative criterion as stated in the articles that 'no other criteria shall be applied' than the one and only positive one, show greater variety in the texts of the preambles: (1) 'no test as to the qualitative or aesthetic merits', (2) 'no other criteria such as merit or purpose' and (3) 'in particular no aesthetic or qualitative criteria'. In my opinion, the wordings of the preambles show an intention to distinguish computer programs and databases, being functional or utility items, from photographs which, as possibly artistic works, deserve a more 'classic' approach to determination of their originality and about which the negative attitude to 'aesthetic merits' in the Computer Programs and Databases Directives is replaced by a negative attitude towards 'purpose'. This, in turn, shows that there is really no common ground of originality established by the directives, and there is no more clarification to be found in European copyright language when protectability is the issue.

EC law does not provide any explanation about the reasons behind the varying drafting of the definitions of the originality criteria as mentioned and explained in all three directives. Still, it is well known that when the 'author's own intellectual creation' – hereafter referred to as the AOIC criterion – together with the 'no other criteria' criterion, was first introduced in the 1991 directive, what was, in essence, aimed at was to overrule, Europe-wide, the criterion that had been introduced by the German Supreme Court in 1985, that the creative elements in a computer program should be such as to show creativity that far surpasses the work of an average programmer.⁶ The German Copyright Act, § 2 (2), then contained the provision that a copyright work must be a 'personal individual creation' ('eine persönliche geistige Schöpfung'), and still does.⁷ It may be said that in 1985 the German expression may not only have become interpreted as such by the Supreme Court, but that it also added elements on the top of the criterion of personal individual creation, which have now been intended to be put out of date by the European 'no other criteria shall be applied' criterion. If thus interpreted, there would now – and not only because of the verbal implementation of the Computer Programs Directive of its originality criterion into s. 69(a)(3) of the German Copyright Act – be no basic difference in German law between 'author's own' and 'personal' as components of the one and only criterion to apply in accordance with Article 1 (3) of the Computer Programs Directive. Nevertheless, the proposed German implementation of the Databases Directive – UrhG-Nov 1997 – contains in § 6 about copyright protection of collections, including databases, the criterion of 'eigentümliche geistige Schöpfung', and nothing about either an 'author's own' creation or a 'personal' one.

If German statutory law can be seen to comply with the texts of the articles in the directives, the directives show no trace in UK statutory law, where, in Ch. 48 s. 1 (1) of the Copyright, Designs and Patents Act 1988 the word 'original' is the only one defining a protected 'literary, dramatic, musical or artistic work'. Nor are they mirrored in any of the Nordic copyright acts, where the protectability criterion appears in the form of a definition of 'author' to be the person who 'creates' ('skapar', 'frembringer') a 'literary or artistic' 'work'. The Nordic criteria have remained unchanged since 1961, unperturbed by any originality concepts of EC law origin, but nevertheless covering all subject matter concerned therein. The present French Intellectual Property Code, by only stating that its provisions protect the rights of authors to any 'œuvres de l'esprit' in Article L.112-1 (= Norwegian: 'åndsverk'), does not give a hint about a

6 'If the overall comparison with the previously known shows the presence of original, creative characteristics, then this must be contrasted with the work performed by the average programmer. The know-how of the average programmer, the mere craftsmanship, the mechanical/technical linking and assembly of the material do not fall within the subject matter of copyright. The minimum requirements of copyrightability are met only at a somewhat higher level; they presuppose a significant amount of creativity with respect to selection, accumulation, arrangement and organization, as compared to the general, average ability'; Federal Supreme Court, 5 May 1985, Case No. I ZR 52/83, here quoted from *HC* vol. 17, No. 5/1986, p. 688.

7 *Cf.* footnote 3 *supra*.

specific originality concept. The closest we get to any more specific notion of the kind is in its Article 112–3 on collections, which are protected if they constitute intellectual creations ('des créations intellectuelles'). In Italy works need to be of a 'creative character' to be protected (Article 1 of the 1941 Copyright Act and Article 2575 of the Civil Code).

In other EU countries we find the same absence of definitions of what is 'original' in terms of 'the author's own intellectual creation' in a positive sense and of what is nothing else in the negative sense. Still, it is a fact that under EC law, to the extent that it has manifested itself in the three directives, for any item to be protected under copyright law only its 'originality', as defined there, shall count. Of course, it can be argued that this builds upon national court rulings, using an originality criterion or synonymous words in arguments that express an evaluation about, in the respective national vernacular, 'originality'.⁸ But now, following EC law, such varied terminology would be thrown together into an 'originality container', here labelled AOIC, for all fundamental protectability criteria that would otherwise be used in the three factual domains covered by the directives.

It has been expressed by Herman Cohen Jehoram that 'intellectual creation' in the EC directives' originality definition is the choice for the intermediate position of Western Continental Europe between the German and the UK/Irish legal traditions, whereas the wording 'the author's own' could be 'a formal bow to the common-law terminology of "original"'.⁹ But, is not this simply a game of words?

OK, for composting some extra German originality load of over-average programmers – if at all effected by the wordings used in the directives, because such creative 'over-averageness' certainly does not in itself succumb to the forbidden 'quality test' that has become attached to the *result* of programming – but what else has actually been achieved? Have we discarded 'intellectual efforts', 'personalised efforts', 'the author's personal imprint'? Are there more definitions waiting to be discarded? It will be interesting to watch the courts exert their pleasure about subject matter protectability in summing up their views about facts under the minimal EC law constraint about which terminology to apply. National courts are not likely to denationalize such views just because the directives indicate that they should be guided by a spirit of harmonization so as to erase trade barriers between Member States, by

8 'Individuality' has been used as one such expression, allowing more freedom to the choice of what may be brought together so as to form a literary or artistic work, to become a 'personal intellectual creation': see about this Strömholm, S., 'Spielraum, Originalität oder Persönlichkeit? Das Urheberrecht vor einer Wegwahl', *GRUR Int.* 1996, pp. 529–533 (530). Strömholm has, in my view, refreshingly rejected the 'personality reflection' language, built on 'personality' and 'originality' concepts to cover what should instead, in his view – for most kinds of work – be surrendered to 'a purified terminology, working openly with scope of protection ['Spielraum'], own work and objective novelty'.

9 *Ibid.*, p. 829.

putting on the right track 'the smooth functioning of the Internal Market and the proper development of the Information Society in Europe'.¹⁰ Effects of such an ambition could certainly in itself – in a way – be seen to establish an additional criterion about protectability. However, until now at least, I have seen no sign of any express will to bring just such a criterion into national case law, even as something of the kind.

In my view, this all forms a rather 'muddy' foundation for harmonization of a *generalized* European originality concept by national courts of law, and I am not the first to express doubts about the attempts to define an originality standard for Europe-wide application.¹¹ It cannot create any problems for courts to avoid applying terminology that circumvents the German 'creativity surpassing considerably the work of an average programmer' criterion, already because these specific notions cannot be found used as criteria within other European jurisdictions.¹² If, as a consequence of EC directives, the German 'level of creativity' criterion is thrown overboard, as has been suggested,¹³ so as to pave the way for 'small coins' protection under an 'intellectual creation' criterion, German copyright law may continue to work, but other national law systems might not be so hospitable. In my understanding the verb 'to create' and the substantives 'author' and 'work' of a 'literary' or 'artistic' character in the decisive phrase of §§ 1 of all Nordic copyright acts – the criterion words for application of any originality test in Swedish statutory legal language – will continue to be used to cover within their own meaning, i.e., as applied by a court with no further ado, scales of levels of creativity for various kinds of work items and various sets of elements for protection against infringements. Also, I should be surprised to find that the AOIC criterion with its negating clauses would bring any changes to that.

10 *Cit.* from the Preliminary Draft for a European Parliament and Council Directive on the harmonization of certain aspects of copyright and related rights in the Information Society, Brussels, 20 October 1997, 393ML97, Preamble (5). An indication about manifest unwillingness to accept what is taken for an EC originality philosophy of just a continental character is given us by Cornish, W.R. in the third edition of his book *Intellectual Property. Patents, Copyright, Trade Marks and allied Rights*, London 1996, pp. 332–336. There we meet the 'British approach, pragmatic and practical' contrasted to the 'authors' rights systems', which 'tend to maintain in their law some initial criterion relating to creative expression', differing from 'the common-law test that what is not copied is original' (p. 335).

11 *See*, for instance, Dreier in [1991] 9 *EIPR*, p. 320, about the Computer Programs Directive, or Pfeifer, K.-N. reviewing the dissertation by Fuchs, U., 'Der Werkbegriff im italienischen und deutschen Urheberrecht', München 1996, *ZUM* 05/1997, p. 413.

12 Thus a court may – without getting into conflict with EC law 'originality' – try to include, in what it writes about as originality, elements which lead to the final comment that an item deserves protection because it has resulted from a 'personal contribution' by the author (Fr. 'apport personnel de l'auteur'), even if it would mean that the court believed that that contribution depended upon specific traits in his 'personality'; this comment relates to a discussion about French copyright law and computer programs in Strowel, A., *Droit d'auteur et copyright. Divergences et convergences. Étude de droit comparé*, Brussels & Paris 1993, p. 402 ff.

13 *See* in particular Schricker, G., 'Farewell to the "Level of Creativity" ["Schöpfungshöhe"] in German Copyright Law', *ICC* vol. 26, No. 1/1995, pp. 41–48. Also, in his article in *Wanderer zwischen Musik, Politik und Recht, Festschrift für Reinhold Kreile*, 1994, p. 719 ff., Schricker advocates the idea that the criteria of the directives be given general application. *See also* footnote 3 *supra*.

Because of the variety of subject matter – specific, detailed elements, reflections of circumstances, etc. – that claim protection, there will be nothing *in fact* to give the EU originality definition one consistent meaning and application. Intellectual creativity, referring, as it does, not to matter but to the concealed spiritual status of a person, cannot be established as factual matter with an identifiable level of creativity. *Copyright/authors' rights originality will be, as always, about difference; difference as to what has been and difference as to what has become in relation to what already differed.* To define it should be to look for a *working* definition to apply to differing elements as work-constitutive *instead of a static one.* Whoever creates, creates differences and differences must be allowed to be found from one kind of subject matter to another and from one situation of comparison to another, e.g. under the aspect of infringement where difference or similarity is what it is all about. At that, a choice between novelty differences of a subjective character (unknown to the suspected infringer when acting) on the one hand and of an objective character (non-existent earlier) on the other, may well call for different burden of proof rules, but it really has nothing to do with originality.

Instead, but very much related to it, that is the case with the 'double-creation criterion' under which material independence – i.e. sufficient difference – is established by the test, which can be used so to say both backwards and forwards, whether it would, with reasonable certainty, have been practically excluded that any other person or persons could have made something closely alike.¹⁴ This test, openly used by the Swedish Supreme Court and by other European courts, makes it possible to vary the difference requirement from one art or literary form or subject matter to another and it will, in conformity with traditions and ideas about a need for legal continuity, result in differences of a varied scope so as to represent 'the author's own intellectual creation'.¹⁵ Here, it is not a question of a generally applied, level-raising criterion; what is concerned is the 'sphere of protection' that widens with the individually unique and narrows with what, due to functionality or banality, is protected only within a comparatively limited sphere. Should it nevertheless be 'banned' from European copyright language?

Only if it were an obligation for European Union national courts to apply as originality criterion in infringement suits 'the common-law test that what is not copied is original',¹⁶ and if such originality were, as in e.g., Anglo-Australian law, 'the only criterion that must be met before protection is accorded',¹⁷ would they be confined to

14 See Dreier, Th. & Karnell, G.W.G., 'Originality of the copyrighted work: a European perspective', *Journal of the Copyright Society of the USA*, vol. 39, No. 4, Summer 1992, pp. 289–302 (292 f.). Also, Karnell, G.W.G., 'Die Doppelschöpfung als urheberrechtliches Problem', in: *Mélanges Joseph Voyame*, Lausanne 1989, pp. 149–157.

15 Interesting aspects about the double-creation criterion are – in Swedish – presented by Nordell, P.J., in *NIR Nordiskt Immateriellt Rättsskydd* 1995, pp. 630–639.

16 Cornish, W.R., *ibid.* p. 335. Somehow, however, a 'striking similarity' may be allowed to put the burden of proof on a prospective infringer when access to copying has not been established.

17 Ricketson, S., 'The concept of originality in Anglo-Australian copyright law', *Journal of the Copyright Society of Australia*, vol. 9, No. 2, October 1991, p. 1.

leaving out the 'creation' or 'creativity' element inherent in the double-creation test. But such an obligation most certainly does not exist in European law. The three directives do not require the common law test to be used. Their criterion 'the author's own' can be interpreted to mean not only the ostracized 'quality' but – positively – *sufficient difference* as well as 'non-copied'; there lies a compromise in the three directives covering different legal philosophies.

In my view, the harmonizing originality concept of the three directives reflects an ambition to bring computer programs and databases as such into the copyright domain without being troubled by the need to distinguish within the respective categories. Such *products* should get their protection by copyright, quite simply, without the conflicts of competing copyright philosophies. In this light it is not surprising that photographs received 'special treatment' in the preamble to its directive.

Why should the fact of unavoidably varying difference not be allowed to be called 'creative step' so as to attain one 'level of creativity', 'Gestaltungshöhe' or 'Schöpfungshöhe', 'verkshöjd', etc. or another in any specific case where the difference factor is at stake?

If we comply with the directives by disregarding 'merit' as well as 'purpose', which in both respects is common copyright practice with regard to photographs, and 'aesthetic merits' for computer programs, and also an unqualified 'aesthetic' for databases, a notion which in that context anyhow appears rather abstruse, while leaving for the latter two products only the reasonable freedom from being exposed to any determination about their respective 'qualitative merits' and 'quality', then we will find that – broadly taken and with a possibly insignificant exception based on reasons *behind* the text of the Computer Programs Directive – national laws are free to develop originality wording at will, as long as the legislators and courts take care not to use the wrong, 'ugly words' just mentioned but give more specific explanations of their fact-related reasons by the word 'originality' or by the phrase 'the author's own intellectual creation', if at all they feel that they need such a verbal umbrella. To proceed thus cannot be too burdensome. Indeed it is perfectly consistent with traditional common copyright views, in authors' rights countries as well as in common law ones, not to attach any positive importance just to the 'qualitative or aesthetic *merits*' of a computer program, to the 'merit or *purpose*' of a photograph or to what may be – if at all possible – 'aesthetic' or even 'qualitative' about a database. On the other hand it seems quite possible, and in conformity with legal thinking in countries where a distinction is made between the protection of photographs as artistic works and where other photographic pictures have been confined to the class of items protected by neighbouring rights, to apply to the former the language of 'personality reflection' from the preamble of the relevant directive.

As I see it, the directives do not expose any really consistent view about even an abstract meaning of originality that could be of anything other than only very slight – if any – importance for the development of harmony in the national laws of the Member States.

There are also very strong, so to say extraneous reasons for this, reasons that have nothing to do with the difficulties of finding appropriate formulas to include in directives. Not only will appliance of 'originality', as it is defined in the directives as a concept not be possible to test as a fact-related criterion against the reasoning of the courts, provided that they do not continue to give reasons in summing up their views just as variably as they are used to;¹⁸ but also the courts do not even look at, let alone refer to, case law as it develops in neighbouring countries. In Sweden this is the case even in relation to Denmark, Finland and Norway, notwithstanding the fact that we have the same basic statutory legal foundation for copyright in all the countries. I have reason to believe that a lack of interest in looking around for opportunities to harmonize by case law is equally present in all Europe. This, of course, does not mean that a certain case would necessarily lead to a different 'originality outcome' in one country than in another.

Even if there are great differences in legal language between countries and courts, I foresee that the only noticeable general effect that may come out of the EU originality endeavours will be that the legal language of the courts may become less florid,¹⁹ if for no other real reason than that they would not be brought up before the European Court for using 'bad language' instead of a prescribed 'AOIC mantra' for originality. Safest, of course, is just to use the words 'original' and 'originality' in summing up more precise and detailed matter-of-fact considerations, while leaving out any AOIC wording, which may invite sliding into 'bad language' or to such writing errors as the sectorially already forbidden 'the author's own *individual* creation'.

18 Where, in Sweden, protection has been accorded, it is founded upon wordings of the Supreme Court, such as 'the tunic must ... because of its balance between various knitting techniques and the combination of upper and lower parts be found to show ... individual and artistic form'. (*NJA* 1995, 164), 'originality and individuality because of an expression of technical knowledge and logical construction, such that the same form for a similar work result would be almost excluded', and 'the result of conscious creative work in producing a listing that was systematized in a certain fashion' (*NJA* 1995,256), 'garment which was originally and individually created in an individual and artistic design or shape' (*NJA* 1995,164), and 'displaying an individuality and distinctiveness in concrete, specific form while artistically using naturalistic and well known elements' (*NJA* 1994,74) (the quotations are here synthesized so as to include just those words that appear as decisive in the reasons given by the court). These are a few examples from decisions that have all been given rather lately, in a period of time not covered by Swedish EU membership implementation of EC law. Nevertheless, will the Supreme Court amend its language? Will it have to do so?

19 Thus Swedish courts may for reasons of European harmony forthwith abstain from referring, as has been done, to the wording in the committee report upon which the Copyright Act of 1960 was built – beautiful as the expression may sound in Swedish – that in order to attain copyright protection the product must 'have risen to a certain level of individuality and originality, it must at least to a certain extent be an expression of the author's individuality; a purely mechanical production is not adequate' (*NJA* II 1961 p. 12; my translation).

Collective Copyright Administration, Competition and Supervision (From HCJ to MDW)

Niek van Lingen

'Nothing is as instructive as a fundamental error.' This was the opening sentence of an article on copyright agencies written by HCJ (the authoritative initials of Herman Cohen Jehoram, which I respectfully retain in this essay) and published in the 1991 issue of *Informatierecht/AMI* dedicated to this topic.¹ What was the error?

It concerned an, indeed rather extravagant, clause from the Tunis Model Law on Copyright for Developing Countries (1976) drawn up at the time within WIPO. According to the text, all copyrights, including moral copyrights, should be subject to collective administration. However, seen from the perspective of the prevailing theory and established tradition, this turned copyrights systematically and principally upside down. After all, it is in essence an exclusive right of the individual author to a work he has created. In this way, as is almost generally accepted, the moral and economic rights and interests of the author are best protected. The nature of copyright is prohibitive, linking the use of protected works to the consent of the copyright holder. But in the hands of a collective copyright agency, the exclusive rights, in the words of HCJ, are reduced purely to rights to a fee. The author loses control.

In the meantime, other views have developed. Grosheide² defended the notion that copyright is a nineteenth-century European phenomenon and he assumes that nowadays copyright is primarily an economic right and has a function in the field of regulating competition. Modern copyright is confronted with situations in which there is a case of 'partly compatible, partly conflicting, interests between authors, publishers and public needs, between the equally legitimate demands of protection for works and of access to works, between policies for the encouragement of creative works and policies for the wider dissemination of cultural products in society'. In brief: 'the uneasy case for copyright'.³ In this perspective, the Tunis Model Law, intended for developing countries with an immense deficit of information, can be seen in an entirely different light. Nevertheless, the warning given by HCJ is quite right: we mustn't throw

1 'Auteursrechtenbureaus: enkele grondbeginselen', *Informatierecht/AMI* 1991/7, p. 127; *Kernpunten van auteursrecht*, Nijmegen 1993, p. 159.

2 F.W. Grosheide, *Auteursrecht op maat*, dissertation, Deventer 1986, p. 3, 30.

3 Stephen Breyer, *Harvard Law Review* 1970, p. 281. See also N. van Lingen on this subject, consultative report to CJV/Thijm-genootschap, Zwolle 1986.

the baby out with the bath water. Law is dynamic. Even if its roots lie in the last century, copyright law is alive and continually developing, like every other law.⁴

The collective administration of copyrights has become an important item. The phenomenon is advancing but is not new. The French music copyright agency (SACEM) dates from the middle of the last century and the Dutch national agency (Buma) was founded some 85 years ago. Collective administration arose because of the factual impossibility of the individual copyright holder to control the mass use of music himself. And as technological developments progress, the need for authors to combine forces is growing in more areas. Combined force, however, means combined power. There is a danger that it could be misused, particularly if the combination of forces is based on a legally created monopoly position. To avoid such misuse, the law provides control mechanisms. They are present in various forms. But are they effective?

The increase of collective administration can partly be explained by the evolution of the information society. The economic importance of copyright has grown enormously. In the Netherlands, the gross added value of all activities relating to copyright law in 1994 amounted to 29 billion guilders, which is roughly the same as the banking and insurance sector.⁵ As early as 1982, the American author Naisbitt pointed this out in his best-seller *Megatrends*.⁶ Of the 'ten major transformations taking place right now in our society', he wrote that 'none is more subtle, yet more explosive, I think, than the first, the megashift from an industrial to an information society'. Since then, this insight has become generally accepted, and the revolution continues. The 'new alchemists'⁷ continue to produce all manner of new technical hardware tricks that make access to and the use of works protected by copyright more simple and comprehensive. And with the worldwide Internet and the arrival of new carriers, such as the recordable CD and the Digital Versatile Disc DVD (with a phenomenal data capacity and the option of rendering copies as clones), the end of the digital revolution is not yet in sight. These developments do not simplify the maintenance of individual copyrights⁸ and are almost sending traditional concepts haywire. Visser has recently defended the idea that electronic reproduction rights as such could be rescinded and replaced by a broad publication right.⁹

It is already almost twenty years since CIBRA (a Dutch advisory committee on the collection, administration and distribution of copyright fees) investigated the areas in which, in addition to music copyright in which collective administration has been in place for many years, there is a need for statutory regulations regarding copyright

4 S. Gerbrandy, *Kort commentaar op de Auteurswet 1912*, Arnhem 1988, p. 9.

5 *De economische betekenis van auteursrecht in Nederland*, SEO report, 1997.

6 John Naisbitt, *Megatrends, Ten new directions transforming our lives*, Warner Books, New York 1982.

7 Dirk Hanson, *The new alchemists, Silicon Valley and the micro-electronics revolution*, Avon Books, New York 1983.

8 Buma is experimenting with a 'temporary regulation' for the use of music on the Internet. For a small fee, Dutch website holders are permitted to use a music fragment of 30 seconds per work.

9 D.J.G. Visser, *Auteursrecht op toegang*, dissertation, The Hague 1997.

mediation in the collection of fees owed. This need is particularly apparent in the case of mass use without sufficient opportunities to individualize the works used. Here, indeed, the individual prohibitive right of the author is reduced by necessity to a fees claim, effectuated by a legal body acting on behalf of the copyright holders but on its own authority (as a so-called *own right* organization). Such collective administration organizations, that have a monopoly position in accordance with the law, have since evolved in four areas. These are the foundations Reprorecht (for non-private copying), Thuiskopie (for levies on unplayed sound and vision carriers), Leenrecht (for the borrowing fee) and Sena (for neighbouring rights of performing artists and producers on the public use of commercial recordings). Here, we are dealing with legal licences that permit certain forms of use providing these are paid for. In other areas the author can, for the time being, deal with it himself, or leave the contracting with users to non-monopoly pressure groups such as the Beeldrecht Foundation that acts on behalf of visual artists. With regard to cable broadcasting, legislation follows existing contractual practice. The authorizations for cable broadcasting should go through collective administration organizations, but a monopoly was not considered necessary for this administration. Here, legal licences have gone out of sight.

In what way are the monopoly organizations supervised to ensure the proper implementation of their task of collective administration? The four *own right* organizations mentioned are all under state supervision, carried out by a board or government commissioner. Such supervision was already known to Buma which, since 1932, was the only organization to receive the legally required concession to mediate in music copyright. The supervisors must also ensure that the interests of the users, those obligated to pay, are not neglected. It goes without saying that this is a matter for argument.

The year-long battle of discotheque owners in France against the policy and fees of SACEM is well known. It resulted in more than a hundred cases in the French courts. The French discotheque owners were particularly aggrieved by the system of reciprocal contracts between the national music copyright agencies united in CISAC. The agencies represent each other and the music users can only pay fees to the national agency in the country of use that administrates the so-called world repertoire. The fees received for foreign music are then passed on by the agency to the sister organizations elsewhere, which then distribute them to their national copyright holders. In this way, each agency has exclusive say in its own country. According to the discotheque owners, this system of non-competition leads to unjustifiably high fees. Moreover, they want to gain the option of contracting for only part of a repertoire because their discos generally play Anglo-American music. The discotheque owners accused SACEM of acting contrary to Art. 85 (cartel prohibition) and Art. 86 (misuse of a dominant position) of the EC treaty. The issue was then brought before the European Court of Justice.¹⁰ In the end, SACEM had to reduce its fees considerably, but the

¹⁰ European Court of Justice 13 July 1989, Decision 395/87 (Tourmier), *Informatierecht/AMI* 1991/7, p. 141; AA 1992/6, p. 364 with note by HCJ.

actual compartmentalization of music copyrights in national 'markets' has not been eradicated. The CISAC *sociétés* still do not compete with each other. Is this wrong?

It is noteworthy that the European bodies that administer the law are concerned with the exceptional position of copyright agencies. Musical compositions are products of a different nature than material matters such as apples and pears. In his note under the decision, HCJ points out that both the Advocate-General Jacobs and the European Court of Justice approach the matter with caution, as it were, and are apparently fully aware that an unsubtle answer pertaining to competition law would bring the copyright agencies to their knees. This is not a result to be desired. The Advocate-General has the following comments.

'At first sight, we are faced with an absolute *de facto* exclusivity, a full compartmentalization of the common market within national borders and a total lack of competition. In any other sector, this would clearly be at odds with Art. 85 clause 1. On the other hand, this concerns a very exceptional market because of the unusual character of the intellectual property rights involved, that not only have a territorial sphere of working, are set down solely through – mutually very different – national legislative regulations, which have, in some cases, extremely long periods of protection, but also require permanent supervision and administration within each national territory if they are to be implemented effectively. (...) Seen in this way, the agencies can administrate their repertoire more cheaply and better through an agency already established in that other territory. The user also profits from this regulation because, thanks to the reciprocal contracts, he needs only negotiate with one copyright agency to gain access to the world repertoire of the music.'

The European Court of Justice also favours existing practice. However, the conditions are defined somewhat more sharply. In brief, it boils down to the fact that *mutually harmonized* actual behaviour between copyright agencies in the EC is prohibited if this allows or results in each agency refusing direct access to its repertoire to users residing in another Member State. Whether or not such concerted practice occurs must be established by the national court. According to the European Court, an agency's refusal to allow music users access solely to the foreign repertoire it represents (such as the French discotheque owners wanted) does not *per se* have the goal or consequence of restricting competition on the EC market, this being the case only if such partial access can fully protect the interests of the copyright holders without increasing the costs of administration and control. As far as fees are concerned, in the light of Art. 86, they can only be considered unreasonable if, in comparison with those of agencies in other Member States 'on homogenous grounds', they are considerably higher in so far, at least, that the difference cannot be justified by SACEM on the basis of objective and relevant differences between the administration in the Member States.

SACEM and the other national copyright agencies could breathe easily again despite the shock that had been administered. The basis of their exclusive position –

the CISAC reciprocal contract – had, after all, been shaken. And, as expressed by Du Bois in his commentary on the decision, they see it as ‘the axe in the roots of copyright’.¹¹ However, the axe is not very sharp. Although the exclusivity clause, as the European Court had already established, had meanwhile been removed from the reciprocal contracts, the *behaviour* of the agencies remained unaltered on this point. This is permissible as long as it is not the consequence of actual harmonization.

The actual situation is also accepted by the Dutch court. It has recently been accepted that, as indicated by Buma, the explanation of the parallel behaviour of the national copyright agencies, comprising the refusal of licences to foreign music users, does not lie in mutual harmonization.¹² After all, direct access to their repertoire would obligate national organizations to set up their own administrative and control system in other countries – which would, for the time being, involve unjustifiable cost increases.

SACEM reduced its disco fees by 25 per cent in 1990, and in 1994 – after interventions from the Ministry of Culture that appointed a mediator – dropped them by a further 20 per cent and bound itself to paying back around 20 million guilders to the discotheques because they had been overcharged for previous years.¹³

In 1993, this was preceded by a statement of the Conseil de la Concurrence, called in by the French court in another case. The Conseil considered SACEM’s fees to be considerably higher than those abroad and to exceed the justification put forward by SACEM.

How did events progress? In 1991, the European Commission reported that the French fees were higher than in the majority of other Member States, but that compliance with the conditions of Art. 86 could not be established. The complaint of the interested parties, united in BEMIM (Bureau européen des médias de l’industrie musicale), was definitively refused in 1992 because of the lack of sufficient community interest. Further evaluation of this national case is up to the national court. BEMIM appealed to the EC Court of First Instance but the appeal was rejected by the decision of 24 January 1995 and the decision of the Commission was only quashed in so far as it concerned the stated grounds of the refusal of the complaint regarding the compartmentalization of the market.¹⁴

In his note under the *Tournier* decision in the Dutch juridical journal *Ars Aequi* 1992, HCJ mentioned the State supervision of Buma in the Netherlands. Here, he referred to two decisions made in 1989 by the then government commissioner on complaints regarding fees. ‘If such State supervision of SACEM’s system of fees had existed in France, however marginal, situations that could result in the decision printed above would probably never have arisen’, according to the annotator. I hope he’s right,

11 R.L. du Bois, ‘De SACEM-zaak’, *Informatierecht/AMI* 1991/7, p. 138.

12 Pres. District Court Amsterdam 26 March 1998 re *Buma/VHC*, not (yet) published.

13 Stated by H.J.W. Eijkelenboom, ‘Mededingingsrecht and collectieve exploitatie van auteursrecht: wederzijds (on)begrip?’, *Informatierecht/AMI* 1994/8, p. 147.

14 *Informatierecht/AMI* 1995/8, p. 146, discussed by W. Alexander on p. 143.

but I have my doubts. The French Conseil de la Concurrence took corrective action, although at a later stage, and the say of the Dutch government commissioner on fees is limited to a marginal test of reasonableness.

State supervision of Buma and the above-mentioned monopolistic *own right* organizations is contained in diverse executive regulations that are poorly coordinated with each other and show inexplicable mutual discrepancies.¹⁵ For this reason, an inter-departmental working group was commissioned to research, among other things, the way in which supervision could be made more consistent and transparent. This investigation took place under the umbrella of a much larger project the name of which roughly translates as Effect on the Market, Deregulation and Legislative Quality (*Marktwerving, deregulering en wetgevingskwaliteit*, MDW), under the aegis of the ministers of Economic Affairs and Justice.¹⁶ Other subjects of research were the collection of fees on overlapping working areas (Buma and Sena) and accountability for supervising the content and implementation of distribution regulations.

The working group published a report in February 1998. It recommended maintaining existing state supervision focused on the quality of policy implemented and the handling of complaints, but to concentrate it in one single Supervisory Board for all the monopolies. In addition to the independent function of the *Nederlandse Mededingingsautoriteit* (NMA; Netherlands Competition Authority), which is responsible for supervising compliance with the new Competition Act since 1 January 1998, this form of supervision will also be given an independent function. This act incorporates the prescriptions of Articles 85 and 86 of the EC Treaty for the national situation. Supervision of the fee system and other specific topics relating to competition law such as those discussed in the European SACEM case, also fall under the competence of the NMA. In the meantime, the cabinet has adopted the proposals and has announced that a legal proposal is in preparation.¹⁷

The advice of the MDW working group to discontinue the existing condition of state approval for the distribution regulations has also been followed. Accountability for distributing the fees should lie with the copyright holders.

For HCJ, this must be ideal. He has pointed out more than once that the mutual collection and distribution of author's royalties should not be perverted into collectivization in the form of imposed, other than those chosen by the copyright holders themselves, collective purposes in cases in which individual distribution can very well be carried out. This form of collective administration is more or less the collective expropriation of copyright, a method which ministries of culture appear to greatly support in practice in order to reduce their own budgets. In which warning HCJ has found an audience in MDW.

15 See N. van Lingen, 'Overheidstoezicht op collectief beheer van auteursrechten', *Informatierecht/AMI* 1994/2, p. 30.

16 Dutch Lower House 1996-1997, 24 036, No. 54.

17 Press release, Ministry of Justice, 16 April 1998.

Towards a Basic International Regime of Copyright Contracts

Wilhelm Nordemann

Everyone gets as much justice as he has power. Spinoza's resigned observation characterizes the history of copyright law. The beautiful marble figures of antiquity, the altars and paintings of the Middle Ages, the cantatae and the symphonies of the Baroque period belonged to the rich patrons who had ordered them. Besides his mostly modest remuneration, the artist himself was left with the glory, and even this was often posthumous. Fame may be the true immortality of the soul (Napoléon Bonaparte), but the praised one himself does not get much out of it.

Beginning in the eighteenth century with the Enlightenment, the end of the absolutist principle of *rex viva lex* (Marc Aurel) and the (re)discovery of human rights, the halting transition to our modern era made room for a new idea in copyright law. Marie von Ebner-Eschenbach expressed it like this: *The law of the jungle is the greatest injustice.* One after the other, the nations of the Occident created copyright statutes in order to protect the – often weaker – author against the exploitation of his works by the – usually more powerful – user: England in 1709, the United States in 1790, France in 1792, Spain in 1847, and then all the other states of Christian tradition, except for Russia, where the first national copyright act was passed in 1961, and which only became a member of an international convention (the World Copyright Convention) in 1973. However, all these regulations were – and are – understood to be mere special provisions within civil law, whose basic rules remained untouched:

It seems obvious that the general principles of civil law apply to publishing contracts,

says the statement of legislative intent for the draft bill of a German Statute of Publishing Law, of 8 December 1900. This seems to be the first western law concerning one particular branch of copyright contract law.¹

One of the most important rules of civil law is the principle of *freedom of contract*. All the older copyright statutes strictly hold on to this. At best they state *rules of*

¹ Drucksache No. 97, before § 1, last section; printed in: Marcel Schulze, *Materialien zum Urheberrechtsgesetz*, 2nd edition, Weinheim 1997, p. 48.

interpretation for those cases where author and user have not made any provision or have made only an unclear one on a point of detail. However, some of the more recent statutes state restrictions of the freedom of contract in extreme cases. But these extremes hardly ever occur, which means that the said restrictions are of marginal importance at best: for example, the author may only dispose of the copyright on all his future works under certain conditions and – under German law² – for a limited period. Contracts transferring the rights to future forms of use unknown at the time of the making of the contract are void under some national laws,³ and permissible under certain conditions under others.⁴ Those laws giving the author a right of revocation, for example by reason of non-exercise of certain forms of exploitation, are either mandatory or the right of revocation may only be contracted out for a limited period.⁵ Still, even today copyright statutes are enacted that do not restrict the freedom of contract in any way, for example, the Swiss Copyright Act 1992.

And yet it seems obvious that the law of the jungle will always prevail and turn right into wrong when the weaker party and the stronger one meet in law: that is, when a contract is made. The legislators of the beginning of this century, even those of the first two decades after World War II, could proceed on the assumption that, considering the factual circumstances, the just balance between the author's and the user's interests intended by the statutes would be possible with the help of mere rules of interpretation: exploitation contracts were often made orally or inferred from acts of parties. Written contracts were concluded by a short exchange of correspondence or a brief agreement. The author often agreed to the 'assignment of copyright for all times and including all exploitation rights' in favour of the stronger user.

However, according to Goldbaum's purpose-of-grant theory,⁶ which is practised by the courts in many countries, even if to a different extent, these clauses did not have the scope corresponding to their literal sense. Rather, the assignee only acquired those rights which the contract's specific *purpose* required. In Germany, the theory even became law in 1996. § 31 sect. 5 German Copyright Act states:

If the types of use to which the exploitation right extends have not been specifically designated when the right was granted, the scope of the exploitation right shall be determined in accordance with the purpose envisaged in making the grant.

This would normally be sufficient to guarantee a just balance of interests. Even before World War II, there were in fact publishers using printed forms which specifically named each way the work could be used, and there were contract forms used by the

2 § 40 of the German Copyright Statute.

3 E.g., § 31 sect. 4 German Copyright Act; Art. 43 sect. 5 Spanish Copyright Act.

4 E.g., Art. L. 131-6 French Intellectual Property Code.

5 E.g., § 41 sect. 4 German Copyright Act, § 29 sect. 3 Austrian Copyright Act.

6 *Urheberrecht und Urhebervertragsrecht*, 2nd edition, Baden-Baden 1927, p. 75 *et seq.*; on the theory's international validity, comp. Liebrecht, *Die Zweckübertragungstheorie im ausländischen Urheberrecht*, Munich 1983.

film industry where the author granted every conceivable, specifically named right. However, the first usually included compensation provisions in favour of the author, and the latter were apparently considered to be just even by the legislator, because the production of films was so extraordinarily expensive and full of risks:

Cinematographic works for commercial use (are) normally produced at great expenditure... The financial risk is acceptable to the producer only if he is sure that the exploitation cannot be impeded by the film authors' and performers' prohibition rights,

says the statement of legislative intent of the draft bill of today's German Copyright Act,⁷ of 23 March 1962.

In the meantime, circumstances have changed dramatically. All over the world, the 'wave of education' of the last 30 years has multiplied the number of university graduates, and thus of lawyers, to a degree that was undreamt of before. Germany alone has four times as many lawyers now. All the broadcasting and television companies, all the bigger producers, publishing houses, theatres, orchestras and other users have their own legal departments. Everyone uses contract forms with detailed catalogues of rights. Derogations in favour of an individual author are usually excluded, if only for the reason that this would mean disproportionate administrative expenses for today's large companies: an author who would dare to change even the smallest detail in a contract form would not get a contract at all. Even though there still are individual users here and there, they only exist in economically less important industries: small publishers, occasional producers of CDs and CD-ROMs, and private theatres and galleries. In the only areas which are of economic importance – film and television, print media and musical productions, recently joined by multimedia – the world market is dominated by only five multinational companies who together make 80 per cent of the overall profits. A just balance of the author's and the user's interests via the copyright statutes' rules of interpretation has thus become impossible. Although the purpose-of-grant theory is applied ever more firmly in favour of a just compensation for the author, particularly by the courts of the European states, this does not change the fact that the theory is no longer the norm, but has become the exception. For the daily routine of exploitation contracts, it has become completely irrelevant.

The current copyright laws of the world thus feign a justice that does no more exist. *You will always find the greatest care for the appearance of justice right in the abyss of injustice*, Johann Heinrich Pestalozzi said 200 years ago. Pestalozzi was not only a great educator, but also a great prophet: The deplorable custom of *buy-out contracts* – dating back to the pioneer and slavery era of the United States – that has been spreading in Europe for the past few years, especially in the television and film industries, is obviously the exact opposite of a just balance of the author's and the

⁷ Marcel Schulze, *loc. cit.*, p. 552.

user's interests. Still, the current copyright laws of the world cover them. *Summum ius, summa iniuria.*

And yet it would be quite easy to see to a minimum of justice in copyright law by providing for *just distribution*, as a balance of power cannot be found with the help of the law. If the principle of freedom of contract were to be restricted only in so far as to let the author receive an *appropriate remuneration* for every single use of his work, no matter what the contract provides besides, the author's interests as well as those of the user would be satisfied. On the one hand, the user wants to make sure that a work that owes its commercial success to his hard work will be assigned to him economically – nobody wants others to reap where he has sown. On the other hand, the author's interests are usually aimed at great or even worldwide propagation, be it for the message the author wants to convey or for simple financial motives. He is interested in the allotment of his exploitation rights to different users only if each of them covers one particular field (book or drama publishers, CD producer, film producer, etc.). He will usually want to grant one big user working in all of those areas all his exploitation rights. However, he must still be sure to receive a share of the profits made from his works. Our natural sense of justice is hurt if the person to whom the general public owe a creation or an artistic performance is left out financially while the work makes others rich. Can it be just if some big company that – by mere chance – buys the company which originally produced *Die Feuerzangenbowle* or *Dinner for One* years before, obtains *all* the profits made from their continuous worldwide success, while the author and the actors – without whom this success would never have come about – perhaps lead a miserable life somewhere just because they do not get a penny?

Some national copyright statutes show the beginnings of a just regulation. Art. 131–5 of the French Intellectual Property Code reads:

If the exploitation right has been assigned and the author suffers a prejudice of more than seven-twelfths as a result of a burdensome contract or of insufficient advance estimate of the proceeds from the work, he may demand review of the price conditions under the contract.

Such demand may only be formulated where the work has been assigned against lump sum remuneration.

The burdensome contract shall be assessed taking into account the overall exploitation by the assignee of the works of the author who claims to have suffered a prejudice.

§ 36 of the German Copyright Act gives the author a claim to a review of the contract if the agreed remuneration and the profits made by the assignee are disproportionate; however, besides the fact that it only applies under strict conditions, the provision does not apply to authors of cinematographic works or to performing artists, and therefore

excludes its main field of application. Art. 47 of the Spanish Law on Intellectual Property says:

Where in the case of a transfer for a lump sum the author's remuneration is manifestly out of proportion to the profits obtained by the licensee, the former may apply for a review of the contract and, in the absence of agreement, may apply to the court for the award of equitable remuneration in the light of the circumstances of the case. That faculty may be exercised within the ten years following the transfer.

Art. 44 of the Polish Law on Copyright and Neighbouring Rights runs along very similar lines.

But that is not enough. Already some years ago, I proposed⁸ the following text, as mandatory law (*ius cogens*):

For every use of his work, the author may claim an equitable remuneration, except where such claim would obviously be unjustified.

However, in order to provide for such a minimum of justice in distributing profits, even the understanding of some progressive states and the alteration of their own copyright statutes would not be sufficient – even if it is desirable that some show the way to others. In contracts that are aimed at the work's world-wide use – which is the norm in copyright – national provisions can be avoided all too easily: one simply agrees on the application of a national law more favourable to the assignee, and if such a more favourable law cannot be found within the European Union, there will certainly be a national law that does not restrict the freedom of contract in any way, among the Member States of the Revised Berne Convention. Then one just has to incorporate the assignee's company in that country.

That is why a provision similar to the quoted national regulations must not only be the object of an EU directive, but must be included in the Revised Berne Convention as well. Even though the clarifications proposed for ratification by the World Copyright Convention late in 1996 are welcome: They concern minor problems only, but do not solve the key problem in copyright law.

Most people spend more time and energy talking about problems than tackling them (Henry Ford).

8 In *GRUR* 1991, p. 1, 4, No. 4.

Malesherbes on the Rights and Duties of Authors*

David Peeperkorn

Herman Cohen Jehoram and I share an interest in history, particularly in the history of the eighteenth century, the century that gave birth to copyright. The mother of the newborn right was the Enlightenment, its cradle the printing press. And, to pursue the metaphor, another child of the Enlightenment – the freedom of the press – was its godfather.

Freedom of the press is the central theme in the writings of the man who, paradoxically, supervised censorship under the Old Régime in France from 1750 until 1763. I refer to Chrétien-Guillaume Lamoignon de Malesherbes. His five *Mémoires sur la Librairie* written in 1759 and his *Mémoire sur la Liberté de la Presse* written in 1788 are a plea for freedom of the press.¹ And hand-in-hand with the freedom of the press there appears in these *Mémoires* the author as a distinct subject of the law.

My intention is to indicate where in these *Mémoires* Malesherbes introduces the (literary) author as a distinct bearer of rights and duties, and thereby to make a small contribution to the prehistory of copyright. The path I tread has already been charted, notably by Roger Chartier. Malesherbes and the *Mémoires* are the central theme of Chapters 2 and 3 of his authoritative work, *The Cultural Origins of The French Revolution*.² So, modesty becomes the *amateur* – that beautiful eighteenth-century French word – of history.

* Translations from the French by Luyt de Brauw-Huydecoper, who has also upgraded the English text for which, however, I am solely responsible.

- 1 To avoid misunderstanding: 'freedom of the press' as used by Malesherbes in the eighteenth century should not be understood to mean freedom of speech in the modern sense, as laid down in Article 10 ECHR. Malesherbes pleads for freedom from censorship and for freedom to print in the physiocratic sense, i.e. the abolition of the monopoly of corporations of printers and booksellers to print and sell books (compare '*liberté de l'industrie*' and '*liberté de l'exportation des grains*').
- 2 Durham and London 1991 (trans. of *Les Origines Culturelles de la Révolution française*), Ch. 2, The Public Sphere and Public Opinion, and Ch. 3, The Way of Print. See also his 'Figures of the Author' in *Of Authors and Origins*, B. Sherman and A. Strowel (eds.), Oxford, 1994 and his introduction here that Jane Ginsburg's 'A Tale of Two Copyrights' (also in *Of Authors and Origins*) has made me curious about the origins of copyright in the Old Régime. I am in particular indebted to F. Willem Grosheide, 'Paradigms in Copyright Law' (also in *Of Authors and Origins*) as well to his *Auteursrecht op Maat (Tailored Copyrights)*, Deventer 1986.

Malesherbes

Malesherbes (1721–1794) was the scion of an old family of magistrates. In 1750, when his father was called to the office of Chancellor of France – the highest official of the Crown – he succeeded him as First President of the *Cour des Aides*, the court that dealt with all appeals in tax matters. At the same time his father invited Malesherbes to assist him in one of the most sensitive portfolios of the chancellor's task. He appointed him as *Directeur de la Librairie* or Supervisor of the Book Trade. In that capacity, Malesherbes was head of royal censorship. Malesherbes held the office of *Directeur de la Librairie* until his father was dismissed as Chancellor in 1763. Malesherbes continued to be president of the *Cour des Aides* until 1775. In that year, Louis XVI appointed him as Minister of the Royal Household in the innovative, and short-lived, Cabinet-Turgot. In 1787 he returned briefly as Minister in the last Cabinet of the Old Régime. In 1792 Malesherbes volunteered as one of counsel for the defence in the trial of Louis XVI by the Convention. A year later, the Revolutionaries made the old man pay for this courage: Malesherbes was arrested, tried by Fouquier-Tinville's gruesome tribunal and executed by guillotine on 22 April 1794.

It took until 1961 for an authoritative biography of Malesherbes to appear. I refer to the life work of Pierre Grosclaude, which was based on extensive research and an impressive knowledge of the period.³

Malesherbes is one of the key figures of the pre-Revolutionary period. He was a man of the Enlightenment. As a lawyer he was committed to the cause of justice in the great controversies of his times. Foremost amongst these was the constitutional conflict between the Crown and the judiciary, the *parlements*, that led to the convention of the States General in Versailles, on 5 May 1789 and subsequently the Revolution. Malesherbes was also involved in the age-long religious controversy between the Catholic State and the Protestants, and last but not least in the problems of the book trade. Of the body of work Malesherbes left us, his discourses on these topics are best remembered. On the constitutional crisis we have his *Remontrances* of the *Cour des Aides*.⁴ On the religious problem we have his *Mémoires sur les Protestants* in which he advocated tolerance as a principle of government.⁵ His efforts in this respect would lead to the Edict of Tolerance of 17 November 1787, a decisive step towards equal rights for French Protestants. Malesherbes also stood up for the emancipation of French Jews. It was after the proclamation of the Edict of Tolerance that Louis XVI ordered Malesherbes:

3 Pierre Grosclaude, *Malesherbes, Témoin et Interprète de son Temps*, Librairie Fischbacher, Paris, 1961. Malesherbes figures in S. Schama, *Citizens*, Penguin Books, London, 1989. On page 96 of that book, we may find Malesherbes in 1776, strolling along the Rotterdam waterfront.

4 E. Badinter, *Les 'Remontrances' de Malesherbes 1771–1775*, Flammarion, Paris, 1985, with an introduction by the editor.

5 See M. Wyrwa, *Malesherbes, Le Pouvoir et Les Lumières*, Editions France-Empire, Paris, 1989, p. 113 *et seq.*

'Monsieur de Malesherbes, vous vous êtes fait protestant; moi maintenant je vous fais juif: occupez-vous d'eux.'^{6,7}

['M. de Malesherbes, you have made yourself Protestant, I now make you a Jew: concern yourself with them.']

The Mémoires

Last but not least we have his *Mémoires* – official documents but as a form of discourse typical of the period – on censorship and the book trade. Malesherbes finished writing the *Mémoires sur la Librairie* in 1759 following the conflict over the *Encyclopédie* of D'Alembert and Diderot. He had already been working for over a year on the drafts of these *Mémoires* in which he elucidated and defended his management of the royal censorship to his superiors, notably to the Chancellor, his father. The *Mémoire sur la Liberté de la Presse* was drafted 30 years later, in 1788, in response to the invitation issued by Louis XVI to all French citizens to publicly discuss a new constitution for the Kingdom. It is not clear to what extent the *Mémoires* were known to the general public before 1809. It was only in that year that they appeared in print.⁸

In one of his letters accompanying the *Mémoires sur la Librairie* of 1759, Malesherbes mentions a sixth *mémoire* (or his intention to write it), but it is unclear whether this sixth paper was ever drafted.⁹ There is, however, an unpublished *mémoire* of 1761 about which I shall discuss later in this article, in which Malesherbes replies to queries of De Saint-Priest, the intendant of Languedoc. Moreover Grosclaude¹⁰ mentions a *mémoire* of 1774, which has also remained unpublished. Clearly the problems of censorship and the book trade was a subject that was always on Malesherbes' mind.

The *Mémoires* are a treasure-trove of information on the history of the book trade in the Old Régime and, especially on its legal history. Malesherbes is known as a friend and protector of the *philosophes*, but he was primarily a magistrate, a lawyer, and these *Mémoires* are mainly legal essays. As *Directeur de la Librairie*, Malesherbes had acquired vast experience of and insight into the book trade, and he seems to have been the first to bring consistent legal reasoning to the practice of censorship. He stood therein for tolerance and a maximum degree of freedom.

6 Grosclaude, *op. cit.* p. 631.

7 See also F. Malino, *A Jew in the French Revolution, the Life of Zalkind Hourwitz*, Oxford, 1996.

8 H. Agasse, Paris, 1809. In the following I quote from the scientific edition of Graham E. Rodmell, University of North Carolina at Chapel Hill, Chapel Hill, 1979, with an introduction by the editor and with the texts of the relevant French legislation in an appendix. Quotations state, in that sequence, the (number of the) *Mémoire*, the pages in Rodmell and in the original edition of H. Agasse, as mentioned by Rodmell. A recent edition of the *Mémoires* is R. Chartier, *Malesherbes, Mémoires sur la Librairie, Mémoire sur la Liberté de la Presse*, Imprimerie Nationale, Paris, 1994.

9 Grosclaude, *op. cit.* p. 164, Rodmell, *op. cit.* p. 48

10 Grosclaude, *op. cit.* p. 285 *et seq.*, Rodmell, *op. cit.* p. 48

The Book Trade

In Malesherbes' time the book trade was governed, mainly, by the so-called *Code de la Librairie* of 28 February 1723.¹¹ The system was as follows. Only a restricted number of printers and booksellers, who were all members of a corporation, were admitted to the book trade. Before being printed, a book was subjected to censorship. If it passed this examination, a *permission* to print was given. Thereupon the Crown could grant a *privilege* to print and sell the book. All important privileges were held by members of the Paris Book Guild. Authors had no right to print or sell their own works. They were entirely dependent on the printers and booksellers.¹²

The joint effects of censorship and the closed shop jealously maintained by the Paris Book Guild made the book trade in France economically vulnerable. France was surrounded by foreign printers (Holland, Avignon, Geneva, Neuchâtel) and the French market was infested with illegal imports, clandestine presses and piracy. Authors could play cat and mouse with the authorities, but they had to be careful. Voltaire, Diderot, Morellet, Beaumarchais all saw the inside of a prison. So did many of the smaller fry, the literary underground of the Old Régime.¹³

The Encyclopédie

In 1758 the foremost tribunal of the realm – the *Parlement de Paris* – attacked the *Encyclopédie* of D'Alembert and Diderot. From its first appearance in 1751 onwards this most ambitious project of the French Enlightenment had been under attack from all the religious powers in France, be it *Devôts*, Jesuits or Jansenists. In 1752 Malesherbes, as bright, young *Directeur de la Librairie*, had already protected it from a violent attack by the Jesuits. Now, in 1758, a scandal caused by a new book, *De L'Esprit*, by Helvétius, one of the minor *philosophes*, gave the *Parlement* an opportunity to prosecute the *Encyclopédie*. In an *arrêt* of 6 February 1759, that court appointed censors of its own to examine its contents. This constituted a direct challenge to the Crown by the judiciary, because the seven volumes of the *Encyclopédie* had appeared under the seal of a royal privilege and consequently had passed royal censorship. The Crown retreated. The Chancellor had Malesherbes draft an *Arrêt du*

11 See Rodmell *op. cit.* p. 344

12 In practice there were *permissions expresses* or *tacites* and *simples tolérances*. See Rodmell, *op. cit.* p. 28 *et seq.* See for an authoritative study of the (legal) history of the book trade, R. Birn, *The Profits of Ideas, Privilèges en Librairie in Eighteenth-Century France*, in *Eighteenth-Century Studies*, vol. 4, No. 2, Winter 1970–1971.

13 See R. Darnton, *The Literary Underground of the Old Regime*, Harvard University Press, 1982 and R. Darnton, *The Great Cat Massacre*, Vintage Books, New York, 1985, in particular p. 145 *et seq.* (A Police Inspector Sorts his Files: The Anatomy of the Republic of Letters).

Conseil, dated 8 March 1759 that revoked the privilege of the *Encyclopédie*. The *Encyclopédie* went underground. As Malesherbes cynically wrote in 1788:

... 'ils (the censors appointed by the *Parlement*, DP) n'eurent rien à censurer. Les libraires prirent un parti qu'ils auraient dû prendre plus tôt. Ils firent imprimer sans censure, ou en pays étranger, ou secrètement dans le royaume (je n'ai pas cherché à pénétrer ce mystère)'.^{14,15}

[... 'they (the censors appointed by the court, DP) had nothing to censure. The booksellers made a decision that they should have made earlier. They had the work printed without censure either in a foreign country, or secretly within the realm (I have never tried to solve this mystery).']

In my view it was not only a defeat for the Crown but also for Malesherbes personally. He had to answer to the Crown for his liberal administration of the royal censorship. The five *Mémoires sur la Librairie* of 1759 constitute his defence.

Liability of the Author Under Criminal Law

Although in the *Mémoires sur la Librairie* Malesherbes questions the *Parlement's* right to prosecute the *Encyclopédie* as it had been published under the seal of a privilege, he believes that the main reason of the crisis lies in the fact that the law does not make a clear distinction between the powers of the Crown, as the executive power, and those of the judiciary: '*tout est d'administration*'¹⁶ ['It is all administration'].¹⁷

Starting there, Malesherbes goes on to reflect on the legal position of authors. Their position is precarious. As he sees it, they risk being judged twice, once by the royal censors and then, if a book arouses the wrath of the magistrates, in criminal proceedings before the *Parlement*.

In order to convince the Chancellor, Malesherbes first goes along with the views of his superior but then gives a twist to the argument in order to show the injustice of the position of authors. Authors should not claim that the permission granted by the royal censors fully protects them against prosecution by the courts.

14 MLP 269/352.

15 See R. Darnton, *The Business of Enlightenment. A Publishing History of the Encyclopédie 1775-1800*, Harvard University Press, 1979, p. 6 *et seq.*

16 ML 1 83/6.

17 R. Chartier, *The Cultural Origins* (etc.) p. 42 *et seq.* points to the context of the conflict between administration (the Crown) and the judiciary (the *parlements*, the royal courts).

‘En effet pour toutes les autres actions de la vie, on n’est pas autorisé à aller demander au magistrat (DP: i.e. in this instance a censor) si on ne sera puni en faisant telle ou telle chose...’¹⁸

[‘For in all other actions in life, one has no right to go and ask a judge (in this instance a censor, DP) if one will be prosecuted for doing this or that...’]

Consequently there is no reason to absolve authors from liability according to the law, but:

... ‘au moins ne doit-on pas leur faire subir un double jugement, et que, si on veut les livrer aux tribunaux, il faut supprimer tout à fait la censure’.¹⁹

[... ‘at least they should not have to be tried twice, in that if they are to be subjected to trial by the courts, censorship should be ruled out entirely.’]

But abolishment of royal censorship would open the way to censorship by the *Parlement*. This would be most dangerous since – and Malesherbes does not have to explain this to the Chancellor – such censorship would give that court mastery of the printed word. On the other hand, there is no ground to deprive the *Parlement* of its regular power in matters of criminal justice even if related to the book trade. Malesherbes suggests the Chancellor not to wait for the next move of the *Parlement* – possibly ‘*un règlement de sa seule autorité*’ [‘an ordinance of its own authority’] – but to take the lead and make ‘*une loi que je crois fondée sur la justice*’²⁰ [‘a law that I believe to be founded in justice’]. And with this in mind Malesherbes includes in this *Mémoire* a draft of an article that will separate the powers of the judiciary from those of the executive power:

‘Dans les cas où lesdits imprimeurs et libraires de notre royaume auront obtenu la permission ou privilège nécessaire, et se seront conformés aux règlements et usages de la librairie, défendons à nous cours et juges de les rendre responsables de ce qui est contenu dans lesdits livres, sauf l’action du ministère public et celle des parties civiles contre les auteurs’ (etc.)²¹

[‘If the said printers and booksellers in our kingdom have obtained the required permission or privilege and have complied with the rules and customs of the book trade, we forbid the courts and the judges to hold them responsible for the contents of the said books, excepting cases of prosecution by the public prosecutor or civil action against the authors’ (etc.).]

18 ML 2 98/33.

19 ML 2 99/35.

20 ML 2 102/40.

21 ML 2 114/65.

To summarize: in Malesherbes' opinion, the judiciary (the *parlements*) should not be given any power *ex ante* regarding the book trade and certainly not the power to censure any work. Conversely authors should be answerable *ex post* to the courts (the '*justice réglée*' of the *parlements*) for the contents of their books, both under criminal and civil law.

This, of course, resembles the position authors hold under the rule of law of a democratic constitution: no preceding permission by a censor but liability *ex post* e.g., under the law of libel.

So much for the duties of authors.

Malesherbes' Policy as Censor

Malesherbes proceeds by explaining his principles of administration to his superiors. His conviction is:

'Ce n'est point dans la rigueur qu'il faut chercher un remède; c'est dans la tolérance. Le commerce des livres est aujourd'hui trop étendu, et le public est trop avide qu'on puisse le contraindre ... Je ne connais donc qu'un moyen pour faire exécuter les défenses: c'est d'en faire fort peu. Elles ne seront respectées que quand elles sont rares, et il faut les réserver pour des objets importants'.²²

['It is not in harshness that one should look for a solution, it is in tolerance. In this day and age the book trade is too widespread and the public is too eager to be restrained ... I therefore know only one way to make interdictions enforceable, that is to have only very few. They will only be observed, if they are few, and they should therefore be reserved for important ends.']

In the *Troisième Mémoire sur la Librairie*, Malesherbes discusses the need to censor books of various categories (satires, books on government, public morals and religion). His argument, craftily written, leads to the conclusion that there is rarely a good reason for the government to ban a book, if the courts can hold authors responsible. This being so, authors should not be bullied by pusillanimous censors:

'Il est temps d'affranchir les gens de lettres de la tyrannie de ces espèces d'inspecteurs qu'on a voulu mettre à leurs pensées; et puisqu'il est question de faire exécuter plus rigoureusement les lois pénales contre ceux qui se sont rendus coupables de quelque délit réel, au moins est-il juste de leur laisser une liberté sur des objets de peu d'importance. Il ne faut donc les gêner, ni sur la forme, ni

22 ML 2 104/45.

sur le ton de leurs ouvrages, et on peut leur laisser commettre un genre de fautes qui sera toujours suffisamment puni par le mépris public'.²³

[‘It is time to free writers from the tyranny of this kind of inspectors of their thoughts; and since we speak of having criminal laws more strictly enforced against those who have committed a real crime, it is equitable to give them a little freedom on unimportant matters at least. Therefore writers should not be bothered about the form or style of their work, and they can be left alone to make the sort of mistake that will always be sufficiently punished by public disdain.’]

In the same spirit Malesherbes writes in the *Mémoire sur la Liberté de la Presse*:

‘J’ai presque toujours vu qu’un auteur à qui on demande le sacrifice d’un trait de son ouvrage, est un homme qu’on blesse dans sa partie la plus sensible’.²⁴

[‘I have almost always seen that an author of whom one demands the sacrifice of one iota of his work, is a man who is touched on the raw.’]

The Rights of Authors

It is interesting to find this notion of respect for the (literary) author and his work expressed in the *Mémoires*. But we have to wait more than a century before the French courts start to accept anything that resembles the moral rights of authors.

Now for the right of authors to exploit their writings. The *Mémoires* bristle with criticism of the practices of the powerful Paris Book Guild. Malesherbes speaks of ‘*ce monopole odieux*’²⁵ [‘that hateful monopoly’]. It is in the *Quatrième Mémoire sur la Librairie* that Malesherbes proposes to make authors independent of their printers and booksellers²⁶ by granting them a right of their own to sell their works.²⁷

‘Cette observation sur la conduite des libraires nous mène à parler d’une autre sorte de personnes qui, suivant moi, devraient bien être exceptées de la prohibition générale de vendre les livres. Ce sont les auteurs, qui, suivant le droit naturel, devraient tirer tout le profit de leurs ouvrages, en ayant la faculté de les vendre eux-mêmes. Le droit civil ne s’y oppose point; ... Ne doit-on pas regarder les

23 ML 3 117/70.

24 MLP 259/334.

25 ML 4 169/171.

26 It is an anachronism to speak in this period already of ‘publishers’; see R. Darnton, *The Business of Enlightenment*, p. xiv.

27 See on the relation between the coming of copyright and the abolition of the guilds, F. Willem Grosheide, *Paradigms* (etc.), p. 205 and *Auteursrecht op Maut (Tailored Copyrights)* p. 100 *et seq.* and p. 312 (in the summary in English).

ouvrages d'un auteur, qui sont les fruits de son génie, comme lui appartenant encore à plus juste titre, et comme le bien dont il serait le plus convenable qu'il eût la libre disposition'.²⁸

[‘This observation on the behaviour of the booksellers leads us to a discussion of another type of person who, as I see it, ought to be excluded from the general prohibition on book-selling. These are the authors, who, according to natural law, ought to draw profit from their own works, by being allowed to sell these themselves. Civil law does not proscribe it; ... Shouldn't one see an author's works, that are the fruit of his genius, as still belonging rightly to him as property over which it would be most appropriate for him to have free disposition.’]

As Malesherbes explains, he had already discussed a draft for a new law for the book trade with ‘les principaux chefs du Parlement’ [‘the main leaders of the Parlement’ (of Paris, DP)], the previous year (1758). Article III of this draft extended the exclusive right to sell books from ‘*libraires, imprimeurs*’ [‘booksellers, printers’] to ‘autres qui y sont ou seront autorisés’²⁹ [‘others who have or shall have authorization’]. It goes without saying that this authorization should be given to authors.

In the *Quatrième Mémoire* Malesherbes once again sums up six points that a new law should contain. The sixth is:

‘6e. Permettre aux auteurs de vendre leurs ouvrages quand ils y auront mis leur nom; et, dans le cas où leur nom n’y sera pas, leur permettre encore de les vendre, en déclarant à la chambre syndicale qu’ils en sont auteurs.’³⁰

[‘6. To allow authors to sell their works when their name is printed in it; and, in case their name is not in it, to still allow them to sell it, following a statement to the Guild that they are the author.’]

In the unpublished *Mémoire* of 1761, in reply to queries of De Saint-Priest, Malesherbes once again confirms his conviction.

‘J’adopte entièrement vos principes sur les privilèges et je les crois la ruine du commerce de librairie.

La nécessité de favoriser de belles éditions n’a sûrement lieu que dans le peu de cas et peut-être jamais.

Celle de fournir aux auteurs le prix de leur travail mériterait d’être discutée, et peut-être pourrait-on trouver dans un autre système d’administration des dédommagements pour les auteurs. Mais sans entrer dans cette discussion, il est

28 ML 4 171/175.

29 ML 4 143/122.

30 ML 4 174/182.

au moins certain que cette considération ne milite pas pour les ouvrages dont les auteurs sont morts depuis longtemps et n'en ont souvent rien retiré dans l'origine.

Mais aujourd'hui, les libraires de Paris veulent établir que, quand ils sont aux droits d'un auteur, fût-il mort depuis cent ans, ils sont propriétaires de l'ouvrage et que le gouvernement ne peut pas sans injustice permettre à un autre le même ouvrage; ils vont plus loin et de ce qu'ils ont une fois obtenu un privilège, ils concluent que l'auteur est présumé leur avoir transporté tous ses prétendus droits et que, dès lors, ils en doivent jouir.

Tout absurde que me paraît ce système, il a été pendant un temps tellement appuyé que je n'ai pas cru devoir l'attaquer.

Je ne crois que les choses ne sont plus les mêmes; en conséquence, j'ai fait donner non un privilège, mais une permission simple pour les *Fables de La Fontaine* aux petites-filles de La Fontaine, qui meurent de faim' (etc.).³¹

[I embrace your ideas on privileges and I believe them (the privileges, trans.) to be ruinous to the book trade. The need to patronize handsome editions surely only occurs rarely and perhaps never.

The need to give authors just rewards for their work deserves to be debated and perhaps in another system of government a way could be found to indemnify authors. But without going into this discussion, it is certain at the very least, that this reasoning does not hold for works of which the author died long ago and often did not get any remuneration at the time.

But nowadays, the booksellers of Paris wish to have recognized that, given that they are entitled to the rights of an author, even if he died a century ago, they are sole owners of his works, so that the government cannot without impunity grant the same work to another; they go even further and infer, once they have obtained a privilege, that the author is presumed to have transferred all his alleged rights to them and that thence they may draw the benefits of these rights.

Absurd as this system appears to me, it has nonetheless been so vigorously defended that I did not believe I could gainsay it.

I believe things are no longer the same; therefore I have granted not a privilege but a *permission simple* for the *Fables de La Fontaine* to his granddaughters, who are dying of hunger.' (etc.)]

De Saint-Priest comments here:

'Il serait fort à désirer qu'on pût trouver un autre moyen de récompenser les auteurs qu'en les accordant de longs privilèges et des prolongations.' (etc.)

31 This shows that it was Malesherbes who took the initiative for this famous lawsuit, now seen as one of the first rulings in which a right of the author to his writings was recognized. See Lucas, *Traité de la Propriété Littéraire & Artistique*, Paris, 1994, p. 8 and Birn, *op. cit.* p. 150.

[‘One would very much wish that another way could be found to recompense authors, other than granting them privileges and extensions thereof.’]

In discussing counterfeits³² Malesherbes once again states his views on the rights of authors.

‘Si on reformait la loi en remontant au principe, c’est-à-dire si on n’accordait des privilèges exclusifs que contre la contrefaçon étrangère et que les privilèges actuels n’eussent lieu que dans la primeur des ouvrages pour l’utilité de l’auteur seul, en sorte que cet auteur même n’eut de droit à son livre que pendant le nombre d’années limité par le privilège, comme les auteurs de pièces de théâtre n’ont droit à leurs ouvrages que pendant un certain nombre de représentations, dans ce cas, dis-je, il n’y avait plus de difficulté sur les contrefaçons; on devrait les empêcher rigoureusement lorsqu’il y a privilège et il resterait de l’occupation aux libraires de province.

Les moyens que vous proposez pour les empêcher seront alors très utiles mais ils ne seront pas efficaces tant que le monopole des propriétaires de privilèges rendra la contrefaçon inévitable.’

[‘If one reformed the law, going back to its principles, that is to say if one only granted exclusive privileges to counter foreign counterfeits and if the current privileges were only granted for the first edition of the work, for the sole use of the author, so that this author would only have the right to his book for the number of years for which the privilege was granted, just as playwrights can only assert rights over their plays for a certain number of performances, then, I maintain, difficulties would no longer arise over counterfeits; these would be vigorously prohibited for the term of the privilege and some business will be left for the booksellers in the provinces.

The methods you propose to stop them will therefore be very useful, but these will not be effective as long as the monopoly of the owners of privileges will make counterfeits inevitable.’]

Once again De Saint-Priest comments:

‘Rien ne paraît plus facile que d’empêcher le monopole des propriétaires (des privilèges, DP), et par conséquent de faire exécuter la loi sur les contrefaçons; il n’y aurait qu’à assigner aux libraires qui sont actuellement possesseurs de quelques privilèges pour des livres nouveaux, le temps proportionné au prix qu’il a donné de l’ouvrage, ou aux auteurs celui qu’on croira juste pour les récompenser des ouvrages qu’ils ont donné, et ne jamais accorder à qui que ce soit de prolongations de privilèges. Le temps du privilège expiré, on pourrait permettre les contrefaçons’ (etc.).³³

32 Apparently at that time a *contrefaçon* [counterfeit] was any book that was published or distributed ‘under the cloak’, without a *privilège* or a *permission*.

33 Grosclaude, *op. cit.* p.181, quotations extended by me from BN Fonds français 21.832 fos. 193 *et seq.*

[‘Nothing is easier, it seems to me, than to stop the monopoly of the owners (of privileges, DP) and consequently to have the law on counterfeits enforced; the only thing that has to be done is to award booksellers who now hold any privilege for new works, the allotted term (of the privilege, trans.) related to the price he has paid for the work; or conversely, to award authors the term that could be regarded as an equitable reward for the works they have written, and never to grant an extension of the term to anyone, whoever he might be. After the term of the privilege has expired, counterfeits could be allowed.’]

According to Grosclaude,³⁴ who has read and studied it, Malesherbes repeats his views in the other unpublished *Mémoire* (that of 1774). There, once again he supports the right of authors to sell their own works.

Reasons to Protect Authorship

In his *Mémoires* Malesherbes gives at least three grounds for granting (literary) authors a legal position of their own. The first is the progress of science and the contribution of writers and literature to a civilized society:

‘Ce sont les lettres, c’est la philosophie même, quoiqu’on abuse aujourd’hui de son nom, qui ont adouci nos mœurs, et qui nous ont tirés de la barbarie’.³⁵

[‘It is the written word, it is philosophy, though its name is misused nowadays, that has tempered our way of living and has drawn us out of barbarism.’]

Furthermore, criticism and debate are necessary to advance society, and authors should not be constrained by petty restrictions:

‘La littérature ne fleurit, la raison ne fait des progrès que par des ouvrages dont les auteurs se font des ennemis’.³⁶

[‘Literature cannot flourish, reason cannot progress other than through works by which the authors make enemies.’]

The last ground is the harmful effect of censorship and the monopoly of the Paris Book Guild on the French book trade. Business cannot come to its fullest bloom since French authors have to have their works printed abroad, in the *pays de liberté* [the

³⁴ Grosclaude, *op. cit.* p. 285 *et. seq.*

³⁵ ML 2 110/57

³⁶ MLP 263/341.

countries of freedom], to the detriment of the French book trade. In his *Mémoire sur la Liberté de la Presse* of 1788, written after nearly 40 years of efforts to free the book trade, Malesherbes observes not without bitterness:

‘Je crois que si on avait fait, il y a soixante ans, la loi dont on sent aujourd’hui la nécessité, si on n’avait pas défendu ce qu’il est impossible d’empêcher, et qu’on eût réservé la rigueur des lois pour les livres qui méritent réellement d’être proscrits, et si en même temps la tyrannie des libraires de Paris, propriétaires des privilèges exclusifs, n’avait pas obligé les libraires de province à imprimer clandestinement ou à se fournir en Hollande, en Suisse et aux foires d’Allemagne, le débit des livres qui méritent d’être proscrits ne serait pas aussi facile qu’il l’est devenu’.³⁷

[‘I believe that if the law that we feel in need of today, had been made sixty years ago, if no attempt had been made to forbid what is impossible to suppress, furthermore if the full severity of the law had been reserved for books that really deserve to be forbidden, and if at the same time the tyranny of the Paris booksellers – owners of exclusive privileges – had not forced provincial booksellers to print clandestinely or supply themselves in Holland, in Switzerland and at fairs in Germany, the market of books that deserve to be forbidden would not be as willing as it has become.’]

The Reform of 1777

At last a reform of the book trade was promulgated in the so-called *Six Arrêts du Conseil* of 30 August 1777.³⁸ Its purpose was to bridle the monopoly of the Paris Book Guild. Apart from the *privilèges d’imprimerie et de commerce*, (literary) authors were granted a privilege also:

‘5. Tout auteur qui obtiendra en son nom le privilège de son ouvrage, aura le droit de le vendre chez lui, sans qu’il puisse, sous aucun prétexte, vendre ou négocier d’autres livres; et jouira de son privilège, pour lui et ses hoirs, à perpétuité, pourvu qu’il ne le rétrocède à aucun libraire, auquel cas la durée du privilège sera, par le fait seul de la cession, réduite à celle de la vie d’auteur’.³⁹

37 MLP 308/428.

38 The reform was promulgated by Necker, two years after Malesherbes had resigned as Minister. It is probable that his *Mémoires* were a source for the reform. See P. Recht, *Le Droit d’Auteur, une Nouvelle Forme de Propriété*, Paris, 1969, p. 33 with references. See also C. Hesse, *Publishing and Cultural Politics in Revolutionary Paris, 1789-1810*, University of California Press, 1991 p. 41. Birn, *op. cit.* p. 159 *et seq.*

39 Rodmell, *op. cit.* p. 387.

[‘5. An author who obtains in his own name the privilege to his work will have the right to sell it at home, although he cannot, under any pretext, sell or deal in other books; and he will hold his privilege perpetually for himself and his heirs, provided that he does not assign it to a bookseller, in which case the term allotted to the privilege will – by the sole fact of this assignment – be reduced to the lifetime of the author.’]

The reform came too late. The new law was simply ignored by the Paris Book Guild.

‘Mais le mal est fait: les habitudes sont prises: le commerce a pris cette route; et quand les eaux d’une rivière sont détournées de leur lit, il est bien difficile de les y faire rentrer.’^{40,41}

[‘But the evil is done: the habit has become acquired, commerce has found its way and when the flow of a river has become diverted from its bed, it is quite difficult to make it turn back’].

The *Mémoire sur la Liberté de la Presse*

Presumably because of the reform of 1777, the *Mémoire sur la Liberté de la Presse* of 1788 is not so much concerned with the rights of authors as with the freedom of the press with a view to the convention of the States General in Versailles on 5 May 1789. To this extent it falls outside the scope of this essay.

It should be noted that Malesherbes cautiously did not propose to abolish censorship altogether but to make it optional. A writer could choose either to submit to censorship or to risk criminal prosecution. In this proposal, therefore, censorship was a safeguard against prosecution. The reason behind this caution was, according to Malesherbes, that there were no precisely phrased offences in matters of the book trade while the judiciary were not to be trusted.

‘Il faut donc, ou prévenir les livres répréhensibles par la censure, ou les punir par la justice; et comme la censure et la justice s’exercent par des hommes, le caprice des censeurs ou la crainte des caprices de la justice seront toujours un obstacle à la liberté de la presse, jusqu’à ce que tous les tribunaux du royaume, dirigés par la nation elle-même, se soient pénétrés de principes assez certains sur cette liberté, pour que les auteurs qui, dans leur conscience, savent qu’ils n’ont pas d’intention criminelle, soient bien assurés qu’ils n’ont rien à craindre’.⁴²

40 MLP 309/428.

41 The sequel of the story is in C. Hesse, *op. cit.* Ch. II. ‘The Fall of the Paris Book Guild’. See also Birn, *op. cit.*

42 MLP 309/430.

[‘Prevention of reprehensible books must either be achieved by censure or by punishment in criminal proceedings; and as both censorship and justice are administered by men, the capriciousness of the censors and the apprehension about the vagaries of justice will always be an obstacle for the freedom of the press until all the courts of the realm, guided by the nation itself, will be permeated with reliable doctrines on this freedom, so that writers who know, upon their conscience, that they have no criminal intention, can rest assured that they have nothing to fear.’]

But by then (1788) times had changed. Mirabeau, Condorcet and Sieyès were to be the new heroes of the freedom of the press. They too would draft the first Copyright Acts. Malesherbes perished, courageously, in the Revolution.

Summing Up

Four points may be made.

1. The *Mémoires* of Malesherbes are in my view important documents of the pre-copyright era in France. The *Mémoires sur la Librairie* of 1759 give the first legal outline of independent and specific rights and duties of (literary) authors.

In legal studies on the origins of copyright the writings of Malesherbes have been underexposed. These studies usually mention the *Mémoire* of 1726 by the lawyer Louis d’Héricourt and Diderot’s famous *Lettre historique et politique adressée à un magistrat sur le commerce de la librairie* of 1763.⁴³ D’Héricourt and Diderot, however, had been hired by the Paris Book Guild to defend its monopoly against protests of the French provincial booksellers. In d’Héricourt’s propaganda-piece in particular, the rights of authors were only instrumental to a more or less eternal property-right of printers and booksellers. D’Héricourt states:

‘Il est certain selon les principes que l’on vient d’établir, que ce ne sont point les Privilèges que le Roi accorde aux libraires qui les rendent propriétaires des Ouvrages qu’ils impriment, mais uniquement l’acquisition du manuscrit, dont l’auteur leur transmet la propriété, au moyen du prix qu’il en reçoit.’⁴⁴

[‘In accordance with the principles just set forth it is certainly not the Privileges granted by the King that make booksellers the owners of the Works they print,

43 In Denis Diderot, *Oeuvres complètes*, introd. Roger Lewinter, Le Club Français du Livre, 1970, tome V, p. 300 *et seq.*

44 Quoted from Birn, *op.cit.* p. 145.

but the acquisition of the manuscript, by which the author transfers the ownership to them, for a consideration.']

D'Héricourt's *Mémoire* was counterproductive – when reading this provocative language, the Keeper of the Seals, d'Armenonville, flew into a rage – and the Board of the Book Guild had to resign. Nearly 40 years later the Paris Book Guild hired Diderot to write a new *Mémoire* in support of its monopoly. The Guild watered down Diderot's *Lettre* into *Représentations* and presented these to Sartine, successor of Malesherbes, in 1764.⁴⁵

The *Mémoires sur la Librairie* of 1759 were written before Diderot's *Lettre*. Diderot and Malesherbes knew each other well and it is possible that Diderot was inspired by the thoughts of Malesherbes (Time did not permit me to study a possible connection between their writings).

The importance of Malesherbes' *Mémoires* for the history of copyright lies in the fact that they were not dictated by a specific lobby defending interests of its own, but reflect the ideas of the foremost authority in these matters, the *Directeur de la Librairie* himself. Malesherbes is not concerned with the protection of printers and booksellers but advocates that writers be granted a right of their own to exploit their works.

2. The *Mémoires* are evidence of the symbiotic relationship between freedom of the press and the rights of authors. They show that, historically, the rights of authors spring from freedom of the press. Freedom of the press implies that authors be held responsible for their writings under the (criminal and civil) law. But if they can be held responsible for their writings, they should have a corresponding right to reap the benefits of their works. Malesherbes only proposes to grant authors a right of their own to sell their works. The *Six Arrêts* of 1777 grant them a privilege in perpetuity or, in case of assignment, for their lifetime.

3. Malesherbes does not seem to have worried greatly about the theories on which the rights of authors should be based. He mentions the progress of science and the contribution of the written word to a civil society, natural law and the fruits of labour or genius. All this seems to point towards Lockean notions.⁴⁶

4. But then there is Malesherbes' physiocratic dislike of guilds and corporations, his reluctance to renew privileges and his awareness of the consequences of property rights which are *eo ipso* eternal. He must have known that his predecessors had rejected d'Héricourt's *Mémoire* in defence of property-rights. Could it be that Malesherbes speaking of *dédommagements* [indemnifications] of authors, and De Saint-Priest observing that other solutions than lengthy privileges would be preferable, have doubts on the validity of the notion of property in the context of the rights of authors? We

45 See Birn, *op. cit.* p. 144 *et seq.* and p. 152 *et seq.*

46 See F. Willem Groshcide, *Auteursrecht op Maat (Tailored Copyrights)* p. 152 *et seq.*, p. 273, A. Strowel, *Droit d'Auteur et Copyright*, Brussels, 1993, p. 180 *et seq.*, and Jacqueline Seignette, *Challenges to the Creator Doctrine*, Amsterdam, 1994, p. 20 *et seq.*

will not know. At any rate the rules of the closed shop of the Paris Book Guild made Malesherbes observe:

... 'on trouve que le désir injuste de s'attribuer des facultés exclusives a toujours été bien naturel aux hommes'.⁴⁷

['I have found that the wrongful desire to attribute to oneself exclusive prerogatives has always been natural to mankind.']

The Case of P. Grosclaude

This quotation leads us back to the twentieth century. As stated, we owe our knowledge of Malesherbes primarily to the monumental biography of Malesherbes by P. Grosclaude. It so happened that Grosclaude sinned against Article 23 of the French Copyright Act of 11 March 1957⁴⁸ by publishing in his biography for the first time *oeuvres posthumes* of Malesherbes taken from a family archive, although the owners, descendants of Malesherbes, had refused him permission to do so. The *Tribunal de la Seine* and the *Cour d'Appel de Paris* ruled against Grosclaude on 8 April 1965 and 25 April 1966 respectively; the *Cour de Cassation* upheld these rulings (clearly on technical grounds) on 15 January 1969.⁴⁹ Neither counsel for the defence nor the courts seem to have put the demands of the claimants to the test of Article 10 ECHR.⁵⁰

Consequently the case of P. Grosclaude is an example of the use of copyright – notably the duration of protection of Article 23 of the French Copyright Act of 1957 – to oppose freedom of speech and as an impediment to our knowledge of a historical person who stood for freedom of the press and for the recognition of the rights of authors. As all of history, the history of copyright has its ironies.

47 ML 4 167/167.

48 Now Article L 123–4, CPI.

49 *JCP* 1967 II.15111 and *JCP* 1969 II.16119.

50 See for the test to be made in applying Art. 10 ECHR Supreme Court of the Netherlands 6 January 1995, *NJ* 1995, 422 in particular par. 5.11.

Herman Cohen Jehoram has always been interested in the relationship between copyright and freedom of speech. See his 'Auteursrecht contra Vrijheid van Meningsuiting?', *NJB* 1974, p. 1393 *et seq.*, 'De vrijheid van expressie en informatie in het mediarecht', and 'The Freedom of Expression in Copyright Law', both from 1983, in his *Central Issues of Intellectual Property and Media Law*, Zwolle, 1984.

Chapter III

Industrial Property and Unfair Competition

Merck II: A Missed Opportunity

Informal Rights in Industrial Designs:
Why Impose Community Constraints?

Design Protection and Unfair Competition

Keeping Up Appearances

Misappropriation of Goodwill of Popular Symbols

Merck II: A Missed Opportunity

Jan Brinkhof

The Subject

This article discusses the judgment given by the Court of Justice on 5 December 1996 in consolidated cases C-267/95 and C-268/95.¹ The judgment, which I shall refer to as '*Merck II*', relates to 'European exhaustion': this is where a patentee is no longer able to exercise his rights under a national patent in respect of certain products as a result of actions carried out by him, or with his consent, in connection with those products outside the territory where his patent rights are valid but within the territory of the European Union and three countries of the European Free Trade Association (Norway, Iceland and Liechtenstein). This is a rather complicated definition; an example will make it clear. Suppose someone has a Dutch patent to a drug. The patent gives the patentee – among other things – the exclusive right to sell the drug in the Netherlands. In the event of 'European exhaustion' the Dutch patentee cannot oppose the sale in the Netherlands of drugs he himself, or someone else with his consent, has marketed elsewhere in 'Europe'.

There are two other types of exhaustion: national and international. National exhaustion is where a right can no longer be exercised in respect of a particular product as a result of actions performed within the national territory by, or with the consent of, the patentee. National exhaustion was the rule under the patent law of most states. International exhaustion is where the right can no longer be enforced as a result of certain actions carried out anywhere in the world by the patentee or with his consent.

Is the Subject Exhausted?

The Court of Justice invented the 'European exhaustion' of patent rights in its interpretation of Articles 30 and 36 of the EC Treaty. A good deal has been written

¹ [1996] ECR I-285. This article is an edited version of part of a more detailed study of exhaustion in patent law which was published in Molengrafica, *Europees privaatrecht*, 1997.

be that a prohibition with a basis in the law of industrial property is nonetheless not 'justified' in the meaning of Article 36? The second sentence of the Article poses further questions. Could a prohibition be 'justified' and still be inadmissible because of this sentence?

The Jurisprudence of the Court of Justice

I shall now discuss some judgments by the Court of Justice relating to patent law.

PARKE, DAVIS

First the *Parke, Davis* case.⁷ This was *not* about exhaustion; the issue was whether, under Articles 85 and 86 of the EC Treaty, Parke, Davis, the American holder of a Dutch patent to a drug, could oppose the import of drugs manufactured by another company in Italy, where Parke, Davis did not have a patent to the drug and could not have obtained one, since Italian patent law did not permit the patenting of drugs.

The Court ruled that the existence of rights conferred on the patentee by a Member State is not affected by the proscriptions in Article 85(1) and Article 86.

In connection with the *Merck I* case, which I shall discuss later, it should be noted that the Commission had indicated in its written observations that it considered that Parke, Davis should be able to oppose the import of the drug, but this did not apply

'if the patentee was already able in any way, directly or otherwise, to make a profit on the patent in respect of the product or substance in one of the Member States. This latter is in particular the case if the product or substance has been lawfully marketed in one of the Member States where the patentee has a patent for the product or substance.'

According to the Commission, patent protection fulfils its essential function when it ensures that the patentee can exploit his patent monopoly, by enabling him to keep out products on which he could not make any monopoly profit because the Member State in question will not grant a patent for the product.

Cohen Jehoram also took the view that it would be detrimental to the basis of patent law if the patentee were to be deprived of protection in this case, where no monopoly profit had been made.⁸

⁷ Court of Justice 29 February 1968, [1968] ECR 81 (C-24/67).

⁸ Annotation to Court of Justice 8 June 1971, [1971] ECR 487 (C-78/70), *DGG v. Metro*, included in *Jurisprudentie en annotaties Intellectuele eigendom*, Ars Aequi 1954-1992, p. 96.

CENTRAFARM V. STERLING DRUG

The *Centrafarm v. Sterling Drug* case⁹ is very important. Here the issue was whether Sterling Drug, the American holder of a Dutch patent on a method of manufacturing a drug, could prevent the import of drugs marketed in the United Kingdom by a Sterling Drug subsidiary which held a parallel patent there.

According to the Court of Justice, to grant this would have been incompatible with the EC Treaty.

I should like to make the following comments on the Court's reasoning.

The Court distinguishes between the existence and exercise of rights. This distinction is not easy to understand: it is difficult to separate the exercise of a patent right from its existence. The exercise of the right is part and parcel of its existence.¹⁰ The Treaty does not affect the existence of patent rights, according to the Court, but here we see the opposite. Under Dutch case law a patentee can oppose the import of products marketed by the patentee himself in a country where he enjoys patent protection.

The Court interprets the word 'justified' in the first sentence of Article 36 of the EC Treaty. Its opinion is that restrictions on the free movement of goods are only acceptable insofar as they are justified 'for the purpose of safeguarding rights which constitute the specific subject matter' of intellectual property rights.¹¹ The Court then defines the specific subject matter of patent rights, thus changing Dutch patent law. In effect, the Court deprives the patentee of a right he has under Dutch case law. To say that the existence of the right remains unaffected looks like a rhetorical ruse.¹²

It is not clear on what the Court bases its definition of the specific subject matter of patent rights.¹³ Patent law has not yet been unified within the Community. The definition of the specific subject matter of patent rights can scarcely be regarded as the common denominator in what is regarded as the core of patent rights in national patent law.

In the *DGG v. Metro* case the Court ruled that an import ban that involved reinforcing the isolation of national markets conflicted with 'the essential purpose of the Treaty, which is to unite national markets into a single market'¹⁴ and that 'this

9 Court of Justice 29 February 1968, [1968] ECR 81 (C-24/67).

10 W.R. Cornish, *Intellectual Property: Patents, Copyright, Trade Marks and Allied Rights*, Third Edition, London 1996, p. 658: 'Since a right exists to the extent that it can be exercised'; cf. F.-K. Beier, 'Gewerblicher Rechtsschutz und freier Warenverkehr im europäischen Binnenmarkt und im Verkehr mit Drittstaaten', *GRUR Int.* 1989, p. 609.

11 The Court had previously discussed the specific subject matter, in the *DGG v. Metro* case (Court of Justice 8 June 1971, [1971] ECR 487 (C-78/70)).

12 Cf. Cornish, *op. cit.*, p. 648, who calls this 'superior eye-wash'.

13 Cornish, *op. cit.*, p. 648, refers to the concept of specific subject matter and the distinction between the existence and exercise of rights as 'legalistic distinctions whose obscurity served only to disguise their essential banality'. Beier, *op. cit.*, p. 610, calls it a 'worthless distinction'. See also the detailed criticism of G. Marengo and K. Banks, 'Intellectual Property and the Community Rules on Free Movement: Discrimination Unearthed', *European Law Review*, 1990, p. 230 ff.

14 Cf. Court of Justice 20 January 1981 (C-55/80 and 57/80), [1981] ECR 147 (*Musik-Vertrieb*).

purpose could not be attained if, under the various legal systems of the Member States, nationals of those States were able to partition the market and bring about arbitrary discrimination or disguised restrictions on trade between Member States'. This formulation accords with paragraph 12 of the *Centrafarm* judgment. It could be objected that, as far as patent law is concerned, there is no single market. At the moment there is no way, for instance, of obtaining a patent that applies throughout the Community; there are only national patents. The terms under which patent protection could be obtained at the time the Court issued its judgments were not equal: no patent protection was available for drugs in Italy.¹⁵

Could not the Court have considered that, in this case, successfully citing national patent law to prevent parallel imports constituted in principle a disguised restriction on trade between the Member States? If it had done so, it would not have needed to invoke the concept of 'specific subject matter'.

A different approach, but certainly no less radical, is advocated by Govaere.¹⁶ In her opinion the Court would have done well to apply 'the justification and proportionality tests under the first sentence of Article 36 E.C.' to the existence of intellectual property rights.

I would point out that it is irrelevant, according to the judgment, whether the patentee wishing to prevent the import of products marketed in another Member State by him or with his consent holds a parallel patent in the other Member State. This also accords with the conclusion of paragraph 11. Thus the decision goes further than the actual situation in which *Sterling Drug* held parallel patents.

MERCK-I¹⁷

Merck, an American company, holds a Dutch patent to a drug. It was not able to obtain a patent in Italy: drugs were not patentable there at the time. Merck does, however, market the drug in Italy. Stephar, a Dutch company, imports the drug marketed in Italy by *Merck* into the Netherlands.

Can Merck prevent the import of the drug on the basis of the Dutch patent?

The Court of Justice takes the view that this is incompatible with the rules on the free movement of goods.

The Commission seems to have changed its mind since *Parke, Davis*, when the patentee was still permitted to make a profit on the patent in respect of the products. In this case, where it is reasonable to assume that Merck was not able to make a profit

15 Cf. W. Bernhardt and R. Kraßer, *Lehrbuch des Patentrechts*, 4th completely revised edition, Munich 1986, p. 585, 'The attitude of the CJEC anticipates something, however, that cannot be justified in terms of patent law until these distinctions [between the conditions in the markets of the various Member States, JB] have been removed: It expects the holders of intellectual property rights to do the preliminary work for the creation of the Common Market.'

16 I. Govaere, *The Use and Abuse of Intellectual Property Rights in E.C. Law*, London 1966, pp. 75-76.

17 Court of Justice 14 July 1981, [1981] ECR 2063 (C-187/80).

on the patent in Italy, the Commission takes the view that the right has been exhausted if the product has been marketed with the patentee's consent in a Member State where it is not patentable. What this amounts to is that the statutory provision in the various national legislations that is most unfavourable to the patentee determines the protection of all patents in the EC.¹⁸ How can there be exhaustion in a situation where there is no possibility of prohibiting others from exploiting the product?¹⁹ Merck is being groundlessly 'penalized' in the Netherlands for marketing the drug in Italy.

Is it desirable that the patentee should not market a drug in particular markets which do not have patent protection in order to avoid being faced with parallel imports? This results in the partitioning of markets,²⁰ aside from the fact that those markets, and above all the patients, are being deprived of what may be very good drugs.

Did the Court pause sufficiently to consider the economic impact: the import of cheap drugs from Italy will push the price down in Holland and reduce the chances of making a profit on the patent?²¹ The patentee is faced with a bill for something he can do nothing about, viz. the fact that patenting is impossible in some countries. If patenting is possible but advantage is not taken of the opportunity, the case may well be different.

Cohen Jehoram seems to be content with the Court of Justice's ruling,²² evidently he has no problem with the patentee not being able to make a monopoly profit.

PHARMON V. HOECHST²³

Hoechst, a German company, has a patent on a drug in both the UK and the Netherlands. In the UK the British company DDSA Pharmaceuticals has been granted a compulsory licence. The Dutch company Pharmon purchases a batch of the drug from DDSA Pharmaceuticals and wishes to market it in Holland.

Can Hoechst oppose this on the grounds of the Dutch patent?

Yes, says the Court of Justice:

'where the competent authorities of a Member State grant a third party a compulsory licence which allows him to carry out manufacturing and marketing operations which the patentee would normally have the right to prevent, the patentee cannot be deemed to have consented to the operation of that third party.'

18 Cf. the written observations of Sterling Drug in the *Centrafarm* case. See also Marengo and Banks, *op. cit.*, p. 245 ff.

19 Cf. Advocate-General Warner in his pleading in the *Musik-Vertrieb* case.

20 See Korah, *An Introductory Guide to EC Competition Law and Practice*, Fifth Edition, London 1994, p. 193.

21 Cf. the UK position as stated in the written observations. See also Korah, *op. cit.*, pp. 193–194. Cf. also Cornish, *op. cit.*, p. 652.

22 *Jurisprudentie en annotaties* ... p. 262.

23 Court of Justice 14 July 1981, [1981] ECR 2063 (C-187/80).

Although the patentee makes a certain amount of profit on the patent in the United Kingdom as a result of the compulsory licence, he can oppose import in the Netherlands. This underlines the fact that, according to the Court, the matter is decided not by whether a profit is made on the patent but solely by whether the product is marketed in the Community with the patentee's consent.

Cohen Jehoram shares the Court's view. In his opinion the Court has succeeded in adding a new and well-fitting stone to the mosaic of its case law.²⁴

Merck II

Merck and Beecham are holders of a number of drug patents. They have no patents in Spain or Portugal, where patenting is not possible at the time. Merck and Beecham market the drugs there, however. British companies want to import these drugs from Spain and Portugal into the UK.

Can Merck and Beecham oppose this on the grounds of their British patents?

No. The Court of Justice upholds the doctrine of *Merck I* – with a small refinement. Advocate-General Fennelly had recommended otherwise. In point 115 of his Opinion he summed up his view of *Merck I* as follows:

In summary, I am satisfied that the judgment in Merck v. Stephar represented an unacceptable restriction on the proper exercise of national patent rights. It is based exclusively on the criterion of consent to marketing. I believe that it is unacceptably detrimental to the legitimate interests of patentees and to the increasingly recognized Community function which patents perform. I am most struck by its logical fallacy. Patents are creatures of national, not Community law. The doctrine of exhaustion exists in some, not all Member States. A right conferred by a national patent cannot be exercised and, consequently, cannot be exhausted by an act of marketing in a Member State which recognizes neither that nor any other patent right in the relevant product. (...) The Community doctrine of exhaustion, enunciated in Centrafarm v. Sterling Drug, should be reserved for those cases where there are genuine parallel patent rights. There, the logic is that the patentee has availed himself of his monopoly right once in the Member State of export. That is when the exhaustion occurs.

Because of the Accession Treaty the Court was unable, in my view, to overrule its previous case law as far as the past was concerned.

Unlike the Advocate-General, however, the Court does not leave any openings for the future either. Not long before Cornish had written: 'A reversal of the present law is necessary in order properly to acknowledge the incentive purpose underlying

²⁴ *Jurisprudentie en annotaties* p. 263.

the patent grant in Country Impo' (by which is meant the country of import, JB).²⁵ In a commentary on *Merck II* Britton and Karet write: 'As a result, E.C. competition rules will actually encourage market distortions, as it will not be possible to sell to the Spanish or Portuguese market alone under Article 85(1).'²⁶

The Court's decision will not have come as a surprise to Cohen Jehoram: he had already noted, in his note on the Warner Brothers judgment,²⁷ that in his opinion the Court had not abandoned the Merck doctrine.²⁸ There is indeed a legal difference between the Warner case and the Merck case, but scarcely any difference economically.

Conclusions

In retrospect, it is my opinion that the disappointment about *Merck II* has its origin not in *Merck I* but in *Centrafarm*, where the Court ignored what the Commission, in its written observations in the Parke, Davis case, had defined as the 'essential function' of patent protection.²⁹ Nor is there anything wrong with the Parke, Davis judgment.

This cannot be said of *Centrafarm*. To avoid misunderstanding I would point out that I consider the Court's decision correct in the specific case of *Centrafarm*. If it had ruled that the import ban was acceptable this would have amounted to giving the patentee carte blanche to seal off national markets, which is totally unjustified if an essential function of patent rights is to give the patentee the opportunity to make a profit on the patent. It would, of course, have conflicted with the free movement of goods.

It is the Court's reasoning that is not convincing. The Court proceeds from the assumption that the EC Treaty does not affect the existence of national industrial property rights and then goes on to curtail Dutch patent rights substantially, by giving its own definition of the specific subject matter of patent rights and testing the national rule against this. By defining the specific subject matter of patent rights the Court was in effect taking the place of the Community legislature, while patent law has not yet been unified within the Community. The definition of the specific subject matter of patent rights has no basis, as far as I am aware, in any national patent law. Would it not have been sufficient for the Court to rule that applying the Dutch rule in this case would result in a disguised restriction on trade between the Member States? It would not have been necessary then to make the rather artificial distinction between the existence and exercise of rights or to define the specific subject matter of patent rights.

Another objection is that the *Centrafarm* judgment had a broader reach than the specific case required. The Court was constrained by *Centrafarm* in *Merck I*, despite the fact that there was a significant difference: Merck was not able to make a profit on

25 *Ibid.*, p. 652. Cf. Korah, *op. cit.*, pp. 205–206.

26 I. Britton and I. Karet, 'Parallel Imports Continue', *EIPR* 1997, p. 209.

27 Court of Justice 17 May 1988, [1988] *ECR* 2605 (C-158/86).

28 *Jurisprudentie en annotaties...*, p. 315 (No. 6).

29 Cf. the UK's written observations on the concept of 'remuneration' in the *Merck I* case.

the patent in Italy, whereas Sterling Drug was able to do so in the UK. What the Court did in both cases was to regard the joint territory of the Member States as a single territory *for the purposes of patent rights*. Anyone marketing a patented product in a territory of this kind, or consenting to another party doing so, must not be able to oppose further trading in that product. This is not what patent rights are meant for: a profit has already been enjoyed on the patent. The Court, however, fails to recognize that a territory of this kind has not yet come into being in every respect in the area of patent law. There is no objection to assuming a single territory (of the United Kingdom and the Netherlands) in the *Centrafarm* case, but there is in the *Merck* case, as it cannot be said that Italy and the Netherlands form a territory of this kind as regards the patenting of drugs. The Europeanization of patent law has not kept pace with that of other areas, as Article 36 of the EC Treaty acknowledges. The Court's concealed advice to the patentee, not to market the patented product in a patent-free country, underlines the absence of a territory of this kind and serves neither the free movement of goods nor the interests of patients.

Having made the patentee's consent the sole criterion, the Court was able to accept an import ban in the *Pharmon* case. If this case had been approached more from the point of view of patent rights it could have been said that, as a profit on the patent had been enjoyed as a result of the compulsory licence, priority could have been given to free movement.

It is a pity that the Court of Justice did not seize the opportunity of the *Merck II* case to abandon the universally criticized Merck I doctrine; the Advocate-General had put forward convincing arguments for so doing. The upheld doctrine is unsatisfactory in terms of both patent rights and Community law; as regards patent rights because the patentee is thus deprived of the opportunity to make a profit on the patent, and as regards Community law because the patentee is in effect being encouraged not to market the products in a patent-free country, thus permitting the continued existence of borders within the Community. In my opinion the Court is failing to recognize that there is no single territory in terms of patent rights at the moment. This is the reality the Court should have based its decision upon. It could then have considered that, in this case, preventing the import of products from a patent-free country is in principle permissible.

Merck II is a missed opportunity.

Informal Rights in Industrial Designs: Why Impose Community Constraints?

William Cornish

Herman Cohen Jehoram has long advocated a liberal approach to the protection of industrial designs. His concern has been with designs which are included or added to an article in order to give it 'eye appeal' – designs, in other words, which can claim some aesthetic content distinct from any technical function to which they may contribute. As he has insisted, such designs result from mental creativity of the kind which we associate with artistic authorship. Industrial designing is therefore to be equated with the work of painters, engravers and other graphic artists, with architects and sculptors, with all those who express ideas of visual interest – or at least of visual instruction – in ways that do not convey meaning through language. This makes copyright one appropriate form of intellectual property protection for industrial designs.¹

Cohen Jehoram is thus an arch-cumulator. Not for him that scrupulous restraint, which seeks to limit protection for designs by tying it, in the main, to a register; to an objective test of novelty and originality; and to a limited maximum of years, similar to that for invention patents. On the contrary, he has argued that there must also be protection against the *copying* of designs which arises without preliminary formalities and which can last for a much more substantial period – in principle, the normal term of copyright. He appears rather to favour the relative certainty of copyright over unfair competition laws against slavish imitation of products. As many in Britain keep reminding their Continental partners, the latter approach, with its tendency towards an assessment of all the circumstances, necessarily imports subjective judgment and with it unpredictability.²

Cohen Jehoram has aligned himself with countries which have not feared to carry copyright into the sphere of general industrial production. His preferred model is the law of France, his particular detestation the law of Italy, which insists upon a rigid non-cumulation by adhering to its theory of *scindibilità* – the requirement for copyright (and even in effect for design registration) that the design element be a separate

1 See especially his discussion of the subject in [1983] *Copyright* 317 and ALAI, *First Aegean Sea Congress* (1984) 77; and subsequently his Opinion, 'The EC Green Paper on the Legal Protection of Industrial Design. Half Way down the Right Track – a View from the Benelux' [1992] *EIPR* 75 and his Herchel Smith Lecture (*infra*, n. 8).

2 I am one of the sceptics, and am far from bemoaning the absence of a general law of unfair competition in English law, particularly against 'misappropriation' which does not involve any misrepresentation: cf. Cohen Jehoram [1994] *EIPR* at p. 526, n. 20.

conception from the product as a whole. His campaign has been equally against those countries of Northern Europe, led by Germany, which have insisted upon the primacy of the registration system, and have confined the role of copyright in the industrial design sphere almost as severely as in Italy.

EU Directive and Regulation on Industrial Designs

As is all too well known, the EU institutions have moved towards a new regime for industrial designs only at a slow and jolting pace. Some motor manufacturers insist that neither the proposal for a harmonization Directive standardizing the national registration systems, nor the coordinate plan for a Community Registered Design Regulation, should except or qualify design rights in favour of the producers of replacement parts.³

One political consequence has been that work has latterly been concentrated on the harmonization Directive. Since the Maastricht Treaty, the procedure for enacting the Directive, being by qualified majority, involves the 'co-decision' of the European Parliament, where the spare-parts manufacturers are well heard; whereas the procedure for the Regulation, requiring unanimity in the Council, calls only for consultation with the Parliament.⁴ This peculiarity has put the Regulation on the shelf until the Directive is settled.⁵ But when, in the end, the Directive becomes law, the Regulation will be dusted down and proffered as a supplementary bargain.

The basic aim remains to introduce a Community Registered Design, and at the same time to continue the national registration systems on an equivalent legal footing. The law of validity and infringement must therefore be standardized in both schemes.⁶ This game-plan derives from a belief in the virtues of registration over informality, a faith which attracts adherents particularly along a mid-European Axis and which naturally appeals to those professions and offices engaged in the registration process. Its main protagonists have proclaimed that, with a reformed and standardized set of

3 The European Parliament has been at odds with Commission and Council on this very issue but some sort of compromise has now been packed together (*see infra*, n. 5).

4 The Directive is to be enacted under the Rome Treaty, Art. 100A, the Regulation probably under Art. 235 (following the precedent of the Community Trade Mark).

5 The Draft Directive, first published in July 1993 (C 345/14, 23.12.93), has been carried forward in June 1997 to a Common Position of Council and Commission (C 273/1, 4.8.1997); which, however, has now been accepted by the Parliament. The focal issue of replacement parts has been largely left for national law, subject to further study by the Commission (Committee Agreement 24.6.98). The Regulation, in contrast, remains in its version of December 1993 (C 29/20, 31.1.1994).

6 The Commission hopes that continuance of the national registers need only be temporary: *see* the Draft Directive, Explanatory Memorandum, par as 1.3, 1.4.

norms,⁷ registration will occupy most of the field; informal protection – whether it comes from unfair competition law or copyright or some special régime, such as the British Unregistered Design Right (UDR) – should therefore be seen (and treated) as a reserve measure confined mostly to the sidelines.

In his Herchel Smith Lecture,⁸ Cohen Jehoram expatiated with some acerbity on the Commission's failure, in its plans for industrial designs, to deal adequately with informal protection. For him this means that the proposals in the Directive and Regulation are grossly defective because they will not affect the great bulk of industrial designs used on products in the EU, whether or not the use is in a country which readily offers informal protection, or in one which does so only by way of grudging exception. (In 1983, he hazarded that 99 per cent. of designs did not benefit from registration.⁹ Who can gainsay him?)

The position of the Community institutions remains that the differences between national traditions are too considerable and too ingrained to be capable for the present of being resolved in one agreed scheme. That is why the drafts of Regulation and Directive deal primarily with design registers. As to informal rights, the Directive is relatively straightforward in preserving other industrial property rights, including unregistered design rights¹⁰ and also copyright.¹¹

The Regulation on the other hand is nothing like so restrained. Above all, in its draft form of 1993, it creates a new informal right against the copying of any industrial design which (subject to prior art considerations) is capable of registration as a Community Design.¹² The positive intent of this special right is to supply short-term protection for designs against their misappropriation. Accordingly the proposal has been that it should last for only three years from being made public. This is to benefit

7 In both the national and community systems, the registered right will protect the outward appearance of any product, including parts. The purely technical will, however, be excluded. A design will not have to be registered separately for particular articles. It must be both new and 'of individual character', when compared with the prior art. The right, lasting for up to 25 years will be infringed by unauthorized use of any product which incorporates the design, whether or not there is copying. The limit of protection will be reached only where another person adopts a design which would produce on the informed user a different overall impression, taking into account the designer's degree of freedom. For these requirements, see, e.g., Cohen Jehoram, below, n. 8.

8 'Cumulation of Protection in the EC Design Proposals', [1994] *EIPR* 514 (For his earlier writing on the subject see above, n.1).

9 In his Herchel Smith Lecture ([1994] *EIPR* at 515, n. 15), he also refers to the WIPO statistics on design registration collated by Phillips ([1993] 12 *EIPR* 431). It should be noted, however, that these figures are not collected upon assumptions common to the various national systems and so convey only an imperfect impression.

10 Its provisions are stated to be 'without prejudice to member state laws relating to unregistered design rights, trademarks or other distinctive signs, patents and utility models, typefaces, civil liability or unfair competition'.

11 Art 18. Originally, this Article sought to pledge a forthcoming harmonization of copyright in industrial designs, and also to preclude certain national rules at once (the doctrine of separability in Italian law; the requirement of 50 copies for limitations on copyright to apply in UK law). This was an attempt to prejudge policy by preliminary legal implantation and has quite rightly been abandoned. The equivalent changes must presumably be introduced into the Regulation when eventually it comes to be revised.

12 Regulation (above, n. 5), Arts. 1(2)(a), 7(a), 13.

those who only need such a term at most, and those who are commercializing at the same time as applying for a registered right.¹³ It has a certain relevance to a system such as the German, where copyright is not generally available. There, however, it will only concretize the unfair competition protection developed for fashion designers and the like. Accordingly, it appears (at least to an outsider) to be less than a pressing necessity.¹⁴

Cohen Jehoram attacks the Community UDR as a 'weak hybrid' which would do no more than file away 'the sharpest edges of the lack of copyright protection' in some EU countries.¹⁵ But there is more to it than that. By negative implication, the proposed Community UDR edges future policy towards a maximum term of three years for informal rights. True, the Regulation would preserve other national rights in industrial property¹⁶ and also copyright.¹⁷ But from this list the 1993 Draft omits unregistered design rights.

For the present, therefore, the Regulation would impact only upon the law of the United Kingdom. That is exactly why it needs someone from that country to press home what is at stake. The British would be obliged to give up their own Unregistered Design Right, or at least that part of it which overlaps with the concept of a 'design' in the forthcoming Community law. Yet the British UDR was painstakingly engineered to provide a limited right in the shape and configuration of industrial articles which would balance the competing interests with some precision. Why should it be obliterated, when it is too wide for one half of the rest of Europe and too narrow for the other half, both of which are left free to continue their own incompatible approaches?

UDR: The British Version

No one claims for the British UDR that it embodies some higher vision apparent only to common lawyers. It is instead the product of a very unsatisfactory experience of shifting the law from a rule largely of non-cumulation, which excluded artistic copyright from the industrial sphere, to a rule of cumulation, which admitted industrial copyright, sometimes for a limited term, and sometimes for the artist's life plus fifty years.¹⁸ That shift in approach occurred in 1968 in the wake of oversimplified,

13 In the latter respect, the new right is the correlative of the 12-month grace period afforded to applicants for their revelations of designs: *see* Art. 8.

14 *See, e.g., Modeneuheit* [1973] *GRUR* 478 (BGH); *Donkey Kong Junior* (video game) [1984] *EIPR* D-53 (OLG Frankfurt). Perhaps the proposal acknowledges the inherent uncertainty and ineffectiveness of unfair competition actions even under the German Law of 1909 (UWG).

15 [1994] *EIPR* at 518, n. 39. Regulation (1993 Draft), Article 100(1).

16 Regulation (1993 Draft), Article 100(1).

17 Since we still have only the initial draft of the Regulation (from 1993), the provision continuing copyright (Art. 100(2),(3)) is subject to the same attempt to secure future harmonisation and some immediate amendments as was originally in the Directive. Given the changed approach of the Directive in its current form (*see supra*, n. 11), it must be presumed that the Regulation will be similarly amended.

ill-appreciated legislation, and for the British it stands as a gale warning against rushing through intellectual property legislation without enough thought. In its turn it brought anxious investigations by governmental committees and ministries and eventually the new deal for design protection which is embodied in the Copyright, Designs and Patents Act 1988.

This new deal starts by drawing some straightforward distinctions. The formal system of registered designs continues, but is limited in various ways. As before, it does not cover designs which are not new, nor those which are dictated solely by function or amount to methods or principles of construction; and now it also excludes elements which 'must match' another article and immaterial features of appearance.¹⁹ By way of informal protection against copying, the Act continues to allow copyright to operate in the industrial sphere where it is applied as a 'surface design'.²⁰ Such elements (mainly two-dimensional) are usually some form of added decoration and so appear relatively distinct from the product as a whole. If they are copied, they warrant copyright protection and are given it for the period of twenty-five years from first legitimate marketing of items bearing the design.

However, features of shape and configuration – which are something other than surface design – are no longer for the most part within copyright²¹, so far as their industrial exploitation is concerned. They may of course acquire a design registration, if the necessary conditions for that are fulfilled, including a successful application to the Patent Office. In any case, they qualify informally for an Unregistered Design Right, if one of a number of conditions are fulfilled.²² This UDR will give protection for a relatively short term – normally for ten years from the time when the design first appears on goods marketed somewhere in the world, subject to licences of right in the last five of these years.²³

Thus the right is intended to operate against the unauthorized misappropriation of the design for industrial use for a period which will protect the investment which goes into it.²⁴ Its purpose is to stimulate the range of designs for a product which is available to the public. The right owner must establish copying, but the protection is available without any preliminary expense or effort. The general similarity of the British UDR to the protection crafted for semi-conductor topographies in the 1980's

18 I cannot here attempt even a sketch of the evolution of British law on industrial designs, which has been as messy as anywhere else. For some account, see my *Intellectual Property* (3rd ed., 1996) Ch. 14; or better Fellner, *Industrial Design Law* (1995) Ch. 1; Laddie, Prescott and Vitoria, *Modern Law of Copyright and Industrial Designs* (2nd ed., 1995) Ch. 29.

19 Registered Designs Act 1949 (as amended) s.1.

20 See Copyright Designs and Patents Act 1988 ('CDPA 1988'), s. 51.

21 The limited category of 'works of artistic craftsmanship' and certain other artistic works form an exception: see CDPA 1988, s. 51.

22 CDPA 1988, Part III: the statute labels them 'Design Right'.

23 For the full position, see CDPA 1988, s. 216, 237 and note the additional control through competition law prescribed in s. 238.

24 The presumption of initial ownership in a commissioner as well as an employer emphasizes the degree to which protection of investment is a major objective: see CDPA 1988, s. 215.

and for databases in the 1990's will be apparent. The only significant difference from them may indeed be that they arise in fields not already occupied by professionals who live by applying for registered rights.

The Technical and the Aesthetic

The aspect of the British UDR which is most striking is that it covers both technical and non-technical shapes for products. Britain has long stood out against an supplementary formal right in 'utility models' - using that term in its more precise, older sense to refer to the configuration which a thing assumes in order to perform a new technical function. So far as concerns registered rights which take effect against all the world, it has preferred to see the patent system strengthened and made more efficient. But it does believe that an informal right against the copying of industrial forms is justified and it is very much one purpose of the UDR to provide that protection.

One aspect of this approach is that it avoids having to draw an absolute line between the technical-cum-aesthetic and the purely technical. Notoriously this is a distinction on which attitudes differ - France's preference for unity of art, Italy's for separability, is one manifestation of the divergences. Is there not a case for a form of protection which deliberately treats both together? There can be no doubt of the practical significance attaching to UDR at just the crossing-point between the attractive and the functional. The run of British decisions concerning the new UDR centres on just such cases (breast prostheses, contact lenses, mobile phone covers, etc.).²⁵

The limits which are imposed on the British UDR seek to steer the law towards relatively mechanical criteria, which apply with reasonable certainty to most cases. The basic requirement of 'originality' is supplemented by the objective notion that the design must not be 'commonplace' in the relevant design field.²⁶ Moreover, any design element is precluded which 'must match' another article, and so is any aspect of a design which 'must fit' another thing for functional reasons.

These latter exceptions are directed particularly at the issues arising over replacement parts and they express a limited preference for the freedom of outsiders to manufacture parts according to a design without having to seek any licence. It is of course a preference for the interests of consumers who may otherwise find themselves obliged to pay the prices for spares which the manufacturer, as sole supplier, finds itself free to set. Naturally the British UDR has a poor reputation with those manufacturers who are pledged to ensure that the Directive and Regulation do not incorporate

25 For a detailed appreciation of this case-law, see Bently and Coulthard, 'From the Commonplace to the Interface. Five Cases of Unregistered Design Right' [1997] *EIPR* 401.

26 Cohen Jehoram claims that this 'not commonplace' requirement introduces a test of personal creativity and so makes British UDR a surrogate for a continental author's right: see [1994] *EIPR* pp. 517-519. However, this Salome-like *Siegsschrei* seems to ignore the role of the UDR in protecting purely technical design.

equivalent restrictions on the scope of designs within the entire EU. It is accordingly important to stress that plaintiffs with other interests than these political opponents are now making use of the British UDR and the judges are working hard to arrive at applications of it which reflect the terms of moderate compromise built into the language of the legislation.

The British experiment is still a youthful project, but it does embody a balance between interests of investors, competitors and consumers in relatively precise legislative terms which should not be hastily disposed of. What indeed are the British supposed to do if they have to give up their UDR? Should they revert to some version of the far-reaching copyright in industrial design which they maintained between 1968 and 1988? May they retain their UDRs for purely technical designs, which cannot attract Community design rights, formal and informal? If so, do they have to act before they learn where Community law will draw the line between the technical-cum-aesthetic and the purely technical? Article 7 of the Directive scarcely provides an answer: it excludes the protection of designs dictated solely by function, but then adds a separate exception for 'must fit' elements.²⁷ If the latter were not already within the former, what does the former cover? Only functional shapes for which there are no alternatives? That would mean that there would be virtually no exception and the Community rights, formal and informal, would extend far into the sphere of technical shapes.

Conclusion

The Design Regulation will be a better proposal if it sticks to the creation of a registered system for the Community and does not seek to introduce in an *ad-hoc* manner one very short right, as a matter of EC law, into the unharmonized, and deeply divergent, national provisions on informal protection. The Community UDR is likely to achieve very little other than a new layer of complication and uncertainty. Let us not forget that the Community trade mark and correlative harmonization of national registration schemes has been introduced without attempting to align informal protection through unfair competition, passing off and the like.

The Regulation should certainly not require the one country which has recently sought to fashion a balanced and reasonably definite compromise between the interests of design creators and design users to undo its particular legislative scheme, while allowing other countries to continue with their unreformed and rather rudimentary legacies. The Regulation ought to retain the British model as one of the possible outcomes of the final Community solution for design protection.

²⁷ To say nothing of the counter-exception which after all gives protection to 'Logo-brick links': see Article 7(3).

WILLIAM CORNISH

More than that, the rest of the Community ought to think positively whether, and if so on what terms, it wants to move in favour of a limited, but not purely transitory, right for unregistered designs. It should work out its answers carefully after it has some better idea whether the future of design protection in the EU really does lie mainly in a registration system – the root proposition about which our Herman has rightly been so sceptical.

Design Protection and Unfair Competition

*Charles Gielen**

Introduction

Some years ago Herman Cohen Jehoram and I came up with a plan to write a book on Benelux design law. For various good reasons we did not pursue this project, but I now feel honoured to write an article on an aspect of design law in this book dedicated to him. It concerns the problem of cumulative protection of specific design law and protection against acts of unfair competition. I have always had difficulty in accepting the Benelux system which, in Article 14(5) Benelux Model and Design Act (BMDA) provides for the exclusion of unfair competition protection of designs which are registerable or which are registered. Thus, a company introducing onto the market a product with a new outward appearance is unprotected in the event of slavish imitation if this product was not registered in time (unless the company can rely on copyright protection). The result is that no action can be taken against the confusion that is caused by the slavish imitation, a situation which is acceptable neither to the company introducing the new product nor to the consumers who are being confused. As we will see below, the courts in the Benelux have either generously honoured copyright (and to a smaller extent trademark) protection or have put forward arguments in order to circumvent the strict rule of Article 14(5) BMDA. It is my feeling that with specific design legislation, protection against the likelihood of confusion should be available. I will attempt to give arguments for this below.

The Background to Article 14(5) BMDA

According to the Explanatory Memorandum to the BMDA, a system of cumulation is not recommended. The object of the new law was to provide for the adequate protection of designs and furthermore to assure documentation which is as complete as possible with the result that anyone can satisfy himself that a design is protected. According to the legislature this object would not be achieved if use could be made of protection

* The author acknowledges the research carried out by Dympe Kuypers, studying law and economics at the University of Groningen.

under the general rules of unfair competition. Furthermore, the legislature expressed the opinion that generally speaking, once a specific piece of legislation exists, the necessity of protection under unfair competition is no longer felt and would thus be rendered superfluous. Thus Article 14(5) tells us that no action based on unfair competition can be brought based on facts which merely constitute an infringement of a design right. Article 14(1) comprises the definition of infringement. The apparently clear meaning of the pre-emptive rule of Article 14(5) was confirmed by the Benelux Court of Justice in the *Prince* case.¹ Before investigating whether the aforementioned object of the legislature has indeed been achieved, a few words on the cumulation with copyright protection.

Cumulation with Copyright Protection

The possibility for the dual protection of works of applied art, or, in other words, original industrial designs, by copyright law, is explicitly provided for in the BMDA, although there has been considerable discussion on the scope of copyright protection for industrial designs. This was caused by the wording of Article 21(2) which provides that designs showing a 'markedly artistic character' enjoy protection both by copyright law and by design law. This discussion ended with the decision of the Benelux Court of Justice in *Screenoprints*.² This decision makes it clear that the word 'markedly' does not mean that the criterion for copyright protection of industrial designs is stricter than otherwise required for such protection. In the general part of the Explanatory Memorandum, where the cumulation of design and copyright protection is discussed, the legislature again emphasizes the publication of registered designs as one of the most important principles of the Act. In order to avoid misleading the public as regards the date on which a design falls into the public domain, a copyright owner wishing to claim copyright protection after the term of the design right has to file a declaration for that purpose.³ As will be seen below, in the event of imitation, many industrial designers invoked the possibility of claiming copyright protection only, without having filed or invoked a design registration.

1 Decision of 21 December 1990, *NJ* 1991, 429. This decision also deals with the question whether unfair competition law could be used in the event that acts other than those referred to in Article 14(1) occur and to what extent. This aspect will not be discussed here.

2 Decision of 22 May 1987, *NJ* 1987, 991. See further on this case and on the cumulation of copyright and design rights, Cohen Jehoram, 'Cumulative Design Protection, a System for the EC', *EIPR* [1989] 3, p. 83 and 'Cumulation of Protection in the EC Design Proposals', *EIPR* [1994] 12, p. 514.

3 Cohen Jehoram was correct in arguing that this provision is in violation of the Berne Convention on the ground that it makes copyright protection dependent on the fulfilment of formalities.

Cumulation with Trademark Law

For the sake of completeness I will mention the possibility of claiming the protection of trademark law for the outward appearance of a product which would also fall under the definition of design in the BMDA, under the condition of course that such appearance is distinctive within the meaning of Article 1 Benelux Trademark Act (BTA). There are a number of cases in which a company invoked both design and trademark protection.⁴ It should not be forgotten that Article 1, second sentence BTA excludes certain three-dimensional shapes from protection as a trademark. One of these exceptions pertains to signs, which consist exclusively of shapes which give substantial value to the goods.⁵ This provision is made in order to avoid a certain overlap between trademark law on the one hand and design law on the other. This does not, however, mean that cumulative protection under both systems is impossible. Only if the outward appearance of a three-dimensional product is of a predominating substantial value to the product can such appearance not function as a mark.⁶

The Rationale of Design *vis-à-vis* Unfair Competition Protection: Case Law

For the discussion on the question whether or not protection granted by the BMDA could be given cumulatively with unfair competition protection it would seem useful to first consider the question whether there is a difference between the rationale of both protection systems. In my opinion, with a different rationale there would not be a need for pre-emption. This conclusion would carry even greater weight if it could be established that the aim of the Benelux legislature (in respect of the documentation of designs) has not been met.

It seems to me that a basic difference exists in the concept of protection under unfair competition law and design law. According to the case law of the Supreme Court of the Netherlands concerning the copying of products, the principle is that a competitor is free to copy unless confusion is caused as a consequence of the fact that the competitor did not follow a different route, which he could have followed without diminishing the reliability or usefulness of the product.⁷ However, protection under a registered design provides the holder with an exclusive right to oppose the copying of the protected product. Under unfair competition law, emphasis is put on the avoidance

4 See for example: Court of Appeal 's-Hertogenbosch 12 January 1993, *BIE* 1994, nr. 18 *Shell-shaped childrens bath*, Pres. District Court 's-Hertogenbosch, 11 August 1993, *IER* 1994, nr. 2 *Viennetta Ice Cake*, Pres. District Court Utrecht, 25 January 1994, *IER* 1994, nr. 9 *Becel/Sense*.

5 The text of this provision in the BTA differs from the text of the mandatory provision of Article 3(1)(e) of the Trademark Harmonization Directive in that the word 'exclusively' is not mentioned in the BTA.

6 See Benelux Court of Justice 14 April 1989, *NJ* 1989, 834 *Burberrys I*.

7 Decision of 26 June 1953, *NJ* 1954, 90, *Hyster/Karry Krane*.

of confusion in the market place. This means that equal importance is given to protection against the unfair behaviour of a competitor against someone who tries to profit from the fact that confusion arises, as well as to the protection of consumers against being misled and confused. The starting point, however is, freedom of copying.

The various rationales were confirmed by the Supreme Court in the *Borsumij v. Stenman* case.⁸ The product in this case had been protected under a patent and after the expiry of the patent, the defendant copied not only the technical part (the subject of the expired patent) but also the outward appearance. The basis of the claim was, amongst others, that by slavishly copying the product, confusion could arise. The defendant argued that in view of the fact that the Benelux legislature created the system of fifteen years' protection for designs, protection against slavish imitation under general rules of tort could not extend beyond a fifteen-year term. Reference is made to a negative reflex effect. This argument was clearly rejected by the Supreme Court based on the conclusion that both systems have a different rationale. This court concluded first of all that the BMDA provides for a stronger (monopoly) protection of designs by the grant of an exclusive right and furthermore, that in contrast with the protection under the general rule of tort, it does not need to be established that likelihood of confusion exists⁹ nor that the imitator could have taken a different route without diminishing the reliability and usefulness of the product. Secondly, the Supreme Court ruled that a limitation of protection under the general rule of tort, with the result that someone could unnecessarily copy a product in a slavish manner causing confusion with the public without sanctions, is not in the interests of fair competition.

Both Verkade and Quaadvlieg expressed the opinion that the Supreme Court reneged on its *Borsumij v. Stenman* reasoning in the *Mediamax* decision.¹⁰ In this case, the plaintiff invoked both copyright and design right protection for the outward appearance of a billboard. There was also a reference to unfair competition protection but that reference was rejected because it had not been sufficiently argued. In deciding the design right basis of the claim, the Court of Appeal ruled that in considering likelihood of confusion, the public to be taken into account consists of agencies and institutions whose business it is to buy and install billboards. Before the Supreme Court

8 Decision of 31 May 1991, *NJ* 1992, 391.

9 It is true that the criterion of 'likelihood of confusion' cannot be found in the BMDA at all. The criterion for infringement is whether the product to be opposed shows only minor differences. The only reference to likelihood of confusion can be found in the Explanatory Memorandum to Article 4, where it is said that the product should show a basically similar appearance, 'in other words it should differ so little from the design that the public could easily confuse them'. The French text uses the words: 'différences secondaires': 'c'est-à-dire qui en diffère si peu que le public pourrait facilement les confondre'. From the text of the law and its explanation, it can clearly be concluded that the intention has never been to create an anti-confusion system; the strongest indication is that the text of the law does not speak of likelihood of confusion and that the Explanatory Memorandum only refers to a form of direct confusion. If a confusion system was meant, the legislature would have provided for the criterion of confusion (in the sense of direct and indirect confusion) as so well developed in unfair competition and the former trademark law of the Member States of the Benelux.

10 Decision of 14 November 1995, *NJ* 1996, 546; the opinion of Verkade can be found in his annotation to this decision in *NJ* 1996, p. 3009 and in *Informatierecht/AMI* 1997, p. 130.

the plaintiff complained that the Court of Appeal should have taken into account a broader group of people and not only the aforementioned agencies and institutions. In dealing with this complaint, the Supreme Court concluded that the Court of Appeal was correct in taking into account the group of persons it did. The complaint also comprised the argument that the same reasoning with respect to the interested group of the people was valid insofar as the copyright basis of the claim was concerned. With respect to this part of the complaint, the Supreme Court stated in the second last sentence of paragraph 3.3 that it should be rejected because likelihood of confusion as part of the criterion of comparison is only relevant for the protection invoked under design law and the attacked part of the reasoning of the Court of Appeal only dealt with design law and not with copyright law. It is on the basis of this sentence that Verkade and Quaedvlieg conclude that the Supreme Court changed the opinion it expressed in *Borsumij v. Stenman* where one of the arguments for concluding that there were differences between design law and the protection against unfair competition was that the former (in Article 14 BMDA) does not require likelihood of confusion. I am afraid both authors read too much into the Mediamax decision. From the proceedings in this case, it is clear that both the plaintiff and the defendant *agreed* that the yardstick for deciding the case under design law was whether likelihood of confusion exists (they only disagreed on the scope of the relevant public). This means that the principal question whether likelihood of confusion (and if so: only direct confusion like the Explanatory Memorandum suggests, or also indirect confusion?) is the relevant criterion for assessing infringement was not put to the Supreme Court. If there had been a debate between the parties and the plaintiff had presented this issue as a question of law to the Supreme Court, this court would certainly have put prejudicial questions to the Benelux Court of Justice. I therefore think that the *Borsumij v. Stenman* decision with its elaborate and extensive reasoning on the differences between design law and unfair competition law still stands. A further argument in favour of this conclusion can be derived from the *Van der Lans v. Floral* case decided by the Supreme Court on 10 March 1995.¹¹ It concerned the design of a hairdresser's chair for children on which an existing Ferrari toy car was used. The alleged infringer argued that this design was not new because the Ferrari toy car was known on the market before the date of the design registration. This defence was rejected because the Supreme Court decided that a toy car has a different utilitarian function than a children's hairdressing chair so that the fact that the toy car is recognizable as part of the chair does not prevent the chair from having a new outward appearance of a product with a utilitarian function. Had this case been decided under unfair competition law, the result may well have been that the court would have accepted likelihood of (indirect) confusion because the public might have thought that although the products were different there was a link between the origins of the two products (licence or merchandising relation).¹²

11 Decision of 10 March 1995, *NJ* 1996, 670.

12 I totally disagree with Verkade where he states in his annotation to the decision of the President of the District Court The Hague 12 December 1996, *Informatierecht/AMI* 1997, p. 128 *Gebu-Clip* that origin confusion can effectively be avoided by different wordmarks. Fortunately, this opinion is rare.

The Rationale of Design Law *vis-à-vis* Unfair Competition Protection: Legal Doctrine

In legal doctrine there has been a fair amount of debate as to the question whether the system of design protection and unfair competition protection is different. In his criticism of the *Borsumij v. Stenman* reasoning, Verkade argued that the fact the Explanatory Memorandum to Article 4 BMDA refers to confusion between the products boils down to likelihood of confusion as recognized in unfair competition law.¹³ This conclusion is too easy. First of all, confusion in this context is intended to cover at the most direct (or product) confusion, a notion far more limited than the one used in unfair competition law; it probably only explains that there should be some kind of similarity between the products.¹⁴

More importantly, Verkade forgets about the different rationale of the protection systems as outlined above. Cohen Jehoram is of the opinion that the clear explanation by the Supreme Court in *Borsumij v. Stenman* of the differences between the two systems means that the provision of Article 14(5) does not pre-empt the application of the doctrine of avoidance of unnecessary confusion.¹⁵ In the *Prince* decision, the BCJ decided that this pre-emption provision means that an unfair competition claim is excluded if it concerns acts as referred to in Article 14(1). If other acts are being opposed, unfair competition protection is available. Cohen Jehoram is of the opinion that the description by the Supreme Court in *Borsumij v. Stenman* of the unfairness of the behaviour when unnecessary confusion is caused (imitation of a model [Article 14(1)] is only a means of arriving at likelihood of confusion), would allow the opposition of such behaviour. Although I very much like his conclusion, I do not think that Cohen Jehoram's reasoning can be based on *Borsumij v. Stenman* that dealt with the question of the reflex effect of the limited duration of design protection.

Quaedvlieg came up with the suggestion that a distinction should be made between design or product confusion on the one hand and identity or origin confusion on the other.¹⁶ He felt that support for this distinction could be found in *Borsumij v. Stenman*. He suggests that unfair competition protection should be available in the event of imitation in an identical way only. His analysis is a very creative attempt to circumvent the pre-emption provision of Article 14(5). Although his suggestions are attractive, I feel that the construction is rather artificial. Unfortunately this article does not allow detailed discussion of his ideas, but I share Van Nieuwenhoven Helbach's

13 See his annotation to the *Borsumij v. Stenman* decision in *NJ* 1992, 391.

14 See my note 10 *supra* as well as Braun and Evrard, *Droit des dessins et modèles*, p. 146; also Ruijsenaars argues that Article 14(5) leaves room to oppose origin-confusion: 'Neue Entwicklungen im Muster- und Markenrecht der Benelux Länder', *GRUR Int.* 1992, p. 505.

15 See his annotation to the *Borsumij v. Stenman* decision in *Ars Aequi* 1993, p. 682.

16 'Verwarren en onderscheiden. De slaafse nabootsing in een veranderend intellectueel eigendoms-perspectief', *BIE* 1992, p. 367.

criticism.¹⁷ I might add that the ideas of Quaedvlieg on likelihood of confusion are not realistic. Consumers these days are not bothered about the origin of a product; confusion is often the result of unconscious phenomena and not the result of careful thinking. I feel that it is very difficult to make a clear distinction between product and origin-confusion. It is therefore a good thing that likelihood of confusion under the classical slavish imitation doctrine covers both situations.

It is clear that in legal doctrine, several positions have been taken. The majority of authors have come to the conclusion that the pre-emption provision of Article 14(5) is not desirable. Some of them argue that case law allows the applicability of the slavish imitation doctrine under unfair competition law; some others think that this is pre-empted but propose constructions to circumvent it.

Rationale of Design Protection *vis-à-vis* Unfair Competition Protection: European Law

Leaving the Benelux for a moment, it is interesting to see how the phenomenon of accumulation of design and unfair competition protection is looked at under European law. It should first of all be noted that the prohibition of dual protection (as reported by the Green Paper of the European Commission) only seems to exist in Italy and the Benelux.¹⁸ In its first draft Directive harmonizing design laws, the Commission proposed the possibility of accumulation of design and unfair competition law. Paragraph 11.6 of the Green Paper refers to the *different nature* of the unfair competition rules which tend to deal with fairness of behaviour of operators in trade and which require, in addition to the objective acts of misbehaviour, the existence of a subjective element of fault or negligence on the part of the offender. Furthermore, in his opinion to the Court of Justice in the case *IDG v. Beele*, Advocate General Verloren van Themaat emphasized the difference between patent or design protection on the one hand and slavish imitation protection on the other. The justification of a prohibition against imitating under unfair competition law is to be found in the prevention of unnecessary confusion. In this respect, there is in his opinion an analogy with trademark law.¹⁹ The Court in this decision confirmed that protection under national law against imitation can serve not only to protect consumers but also to promote fairness of trade transactions.²⁰ All these opinions confirm that the Supreme Court in *Borsumij v. Stenman* was correct in making a distinction between design and unfair competition law.

17 Commentaar op het artikel 'Verwarren en onderscheiden', *BIE* 1992, p. 371.

18 Green paper on the legal protection of industrial design, European Commission, June 1991, Working doc. 111/F/5131/91-EN, par. 11.6.

19 See his opinion *NJ* 1983, p. 621.

20 Decision of 2 March 1982, *NJ* 1983, 212.

Conclusion as to the Rationale

To me, it seems clear that the rationale of design and unfair competition protection is different and that it therefore serves no purpose to exclude the latter in the former system at least insofar as the protection against slavish imitation is concerned.

Has the Aim of the Legislature Been Met?

There is an additional argument for deleting the pre-emption provision. As outlined above, the main aim of the BMDA is to provide for documentation of designs. This aim would not be met if, in addition to the registration system, unpublished designs could be protected under unfair competition law. I have also heard the argument presented by representatives of industry that they do not like the idea of claims for protection floating above the market place. Such claims cannot be searched and therefore cause legal insecurity. However, if one studies the case law of the courts on the protection of designs that fall under the definition of the BMDA as published in Dutch legal reviews, an interesting picture appears.

A search was carried out of case law reported in specialized Dutch legal review publications that have appeared since the entry into force of the BMDA on 1 January 1975. These concerned the *Bijblad bij de Industriële Eigendom* (BIE), *Intellectuele Eigendom en Reclamerecht* (IER) and *Informatierecht/AMI*.²¹ The decisions mentioned in Annex I to this article concern cases in which protection against infringement of designs was sought. Seventy-three cases are involved in which no design registration existed; protection was granted on the basis of copyright. Annex II contains a list of decisions in which no design registration was made and in which copyright protection was sought but rejected. This concerns 22 cases. Thus, 95 cases dealt only with copyright protection. I should add to these cases two decisions in which both three-dimensional trademark and copyright protection (and no design registration existed) was sought.²²

Annex III lists the cases in which a design registration exists and in which protection on that basis was sought. This concerns 52 cases.²³ For the purpose of this article, these cases are less important since the plaintiffs did at least have a design registration. More relevant are the cases mentioned in Annexes I and II. These cases show that the aim of the legislature to provide for the documentation of designs has

21 In *BIE*, the search covered publications including issue 11 of 1997, in *IER* including issue 5 of 1997 and in *Informatierecht/AMI* including the November 1997 issue.

22 See Court of Appeal The Hague 12 February 1986, *BIE* 1987, nr. 62 *Mini nail polish*; District Court The Hague 17 January 1990, *IER* 1990, nr. 18 *Droste III*.

23 It should be noted that in 17 out of these cases copyright protection was also requested. In 28 cases, protection on the basis of design registration was granted. In 24 cases such protection was rejected. In the context of this article, these decisions are not further discussed.

not been met. An important majority of cases concern cases in which the defendant was confronted with claims for design protection with respect to which no prior check in any register could have been made. A number of designs certainly deserve copyright protection; but there can be serious doubt as to some others. It is not easy to give a solid analysis of this,²⁴ but a case like the *Rubik's Kubus* cases mentioned in Annex I shows that courts are willing to help a person who becomes the victim of unfair copying and who has no design registration (and therefore no unfair competition protection) by granting copyright protection. It is, however, questionable whether Rubik's Cube deserves such protection. There are also a few cases in which, notwithstanding the clear wording of the pre-emptive provision of Article 14(5), the court was willing to grant unfair competition protection against slavish imitation to an unregistered design.²⁵

In his annotation to the Prince decision, Verkade referred to the aim of the legislature with respect to a reliable register as a '*vitium originis*'.²⁶ Spoor came to the conclusion that the goal set by the Benelux legislature to provide for a reliable registration system in the field of design protection has not been met.²⁷ I could not agree more and this opinion is confirmed by case law practice.²⁸

Final Conclusion

Some authors argue that Article 14(5) BMDA does not exclude protection against slavish imitation either based on the reasoning of the Supreme Court in *Borsumij v. Stenman*; others argue the reverse and express the opinion that the Supreme Court departed from this reasoning in *Mediamax*. In order to avoid any misunderstanding, the exclusion of slavish imitation protection should disappear. The adoption of the Directive which leaves the unfair competition protection of the Member States untouched, could be a good point in time for doing so. Seen from the harmonization ideal, in my opinion, a situation in which a few countries exclude such protection whereas the majority of the European Union allows accumulation should be avoided.

24 Spoor made a calculation on the basis of 50 cases from which it appears that the cases in which originality was ascertained outnumber those where it was refused by three to one, whereas in the fifty years before 1985, the ratio was one to one; see 'The Benelux Experience', *AIPLA Quarterly Journal*, vol. 24, p. 747.

25 President District Court 's-Hertogenbosch 16 November 1992, *IER* 1993, nr. 18, *BIE* 1995, p. 309 *Kevin Nash*.

26 See note 1.

27 See note 4, *loc. cit.*, p. 749.

28 It should be noted that the number of applications for design registration decreased slightly between 1992 (2963 applications) and 1995 (2738 applications); source: Annual Report 1995 Bureau voor de Industriële Eigendom, but it increased slightly during 1996 and 1997.

ANNEX 1²⁹

DESIGN PROTECTION BY COPYRIGHT; NO REGISTRATION

Decision	Date	Reported in
CofA 's-Hertogenbosch	24-9-80	BIE 1982/97
CofA Amsterdam	16-7-81	AMR 1982/13
Pres. DC Rotterdam	15-12-82	BIE 1984/98
Pres. DC Rotterdam	23-3-83	BIE 1984/99
CofA The Hague	13-4-83	BIE 1985/6
Pres. DC Zwolle	22-7-83	BIE 1983/102
CofA Arnhem	16-4-84	BIE 1986/17
Pres. DC Haarlem	12-9-84	BIE 1986/6
CofA Arnhem	10-12-84	IER 1985/16
CofA Amsterdam	30-5-85	IER 1985/44
DC Breda	12-11-85	IER 1986/9
Pres. DC Amsterdam	30-1-86	BIE 1987/35
CofA Amsterdam	29-5-86	BIE 1987/12
Benelux Court of Justice	22-5-87	IER 1987/40
Pres. DC Haarlem	14-8-87	BIE 1988/14
Pres. DC Utrecht	8-9-87	IER 1987/55
Pres. DC Haarlem	20-11-87	BIE 1988/83
Pres. DC Haarlem	29-12-87	IER 1988/6
Pres. DC Arnhem	7-4-88	IER 1989/53
CofA Amsterdam	19-5-88	BIE 1989/79
Pres. DC Utrecht	7-6-88	AMI 1988/132
Pres. DC Haarlem	28-6-88	BIE 1989/19
Pres. DC 's-Hertogenbosch	13-9-88	IER 1989/54
Pres. DC 's-Hertogenbosch	4-11-88	BIE 1990/57
Pres. DC 's-Hertogenbosch	4-11-88	IER 1989/55
CofA Amsterdam	1-12-88	IER 1989/3
Pres. DC Arnhem	20-1-89	BIE 1990/97
DC Zutphen	16-2-89	IER 1989/36
DC Leeuwarden	16-3-89	IER 1989/24
Pres. DC Rotterdam	28-3-89	BIE 1990/45
DC Rotterdam	21-4-89	IER 1989/39
Pres. DC Amsterdam	29-6-89	IER 1989/47
Pres. DC Haarlem	11-8-89	BIE 1990/23
Pres. DC Dordrecht	7-12-89	IER 1990/14
Pres. DC Amsterdam	20-7-90	IER 1990/50
Pres. DC Haarlem	3-8-90	BIE 1991/90
Pres. DC Amsterdam	1-11-90	IER 1991/1

²⁹ CofA = Court of Appeal; DC = District Court. The numbers in the issues of BIE and IER refer to the numbers of the decision, not to the pages.

DESIGN PROTECTION AND UNFAIR COMPETITION

CofA 's-Hertogenbosch	9-1-91	BIE 1993/59
Pres. DC Arnhem	24-1-91	BIE 1992/46
Pres. DC Breda	13-2-91	AMI 1992/174
Pres. DC The Hague	22-5-91	IER 1991/29
Pres. DC Breda	23-8-91	BIE 1993/106
DC Almelo	16-10-91	BIE 1993/36
DC Amsterdam	6-11-91	AMI 1992/39
DC Amsterdam	6-11-91	IER 1992/19
CofA 's-Hertogenbosch	9-11-91	IER 1992/9
Hoge Raad	21-2-92	BIE 1993/65
DC Rotterdam	26-6-92	AMI 1994, 154
Pres. DC Amsterdam	13-7-92	AMI 1993/19
Pres. DC Amsterdam	13-7-92	IER 1992/42
CofA Amsterdam	29-10-92	BIE 1994/63
CofA 's-Hertogenbosch	16-2-93	BIE 1995/9
Pres. DC Amsterdam	26-2-93	IER 1993/23
DC Arnhem	29-4-93	AMI 1994/154
Pres. DC The Hague	4-6-93	BIE 1995/92
CofA Arnhem	29-6-93	IER 1993/34
Pres. DC Breda	4-10-93	BIE 1996/
DC Arnhem	14-10-93	IER 1994/1
Pres. DC Breda	16-11-93	BIE 1996/64
DC 's-Hertogenbosch	11-3-94	IER 1994/15
Pres. DC 's-Hertogenbosch	31-5-94	IER 1994/21
Pres. DC Utrecht	29-11-94	IER 1995/11
Pres. DC The Hague	8-12-94	BIE 1996/42
DC The Hague	15-2-95	AMI 1995/169
Pres. DC Haarlem	13-6-95	IER 1995/33
CofA Amsterdam	21-7-95	IER 1995/32
Hoge Raad	1-12-95	AMI 1996/137
Pres. DC Rotterdam	11-7-96	AMI 1997/126
Pres. DC Rotterdam	15-10-96	IER 1997/1
Pres. DC The Hague	23-11-96	IER 1997/3
Pres. DC Amsterdam	9-1-97	IER 1997/2
Pres. DC Haarlem	17-6-97	AMI 1997/203
Pres. DC Amsterdam	31-7-97	IER 1997/5

ANNEX II

DESIGN PROTECTION BY COPYRIGHT REJECTED; NO REGISTRATION

Decision	Date	Reported in
CofA Amsterdam	15-7-82	BIE 1984/96
Pres. DC 's-Hertogenbosch	24-5-83	BIE 1984/70
CofA Amsterdam	8-9-83	BIE 1985/21
CofA Amsterdam	5-6-86	IER 1986/48
CofA Amsterdam	13-11-86	IER 1987/1
Pres. DC Amsterdam	8-1-87	BIE 1987/79
CofA Arnhem	10-2-87	BIE 1987/57
CofA Amsterdam	22-6-89	BIE 1990/44
Benelux Court of Justice	21-12-90	BIE 1991/53
Pres. DC Utrecht	17-9-91	BIE 1994/64
Pres. DC Utrecht	17-9-91	BIE 1994/64
CofA The Hague	24-11-91	BIE 1992/3
CofA The Hague	23-4-92	BIE 1993/6
CofA 's-Hertogenbosch	14-7-92	BIE 1994/105
CofA Brussels	9-6-93	BIE 1994/11
DC Maastricht	8-4-94	KG 1994/161
CofA 's-Hertogenbosch	5-7-94	BIE 1996/54
CofA The Hague	5-10-95	BIE 1996/112
CofA 's-Hertogenbosch	20-11-95	BIE 1997/62
CofA Arnhem	10-9-96	IER 1990/6
Pres. DC The Hague	12-12-96	AMI 1997/128
Pres. DC Amsterdam	19-6-97	IER 1997/5

ANNEX III

DESIGN PROTECTION ON THE BASIS OF A REGISTRATION REQUESTED

Decision	Date	Reported in
Pres. DC Amsterdam	27-1-77	BIE 1978/22
CofA Arnhem	19-12-77	BIE 1981/62
Pres. DC Alkmaar	20-9-78	BIE 19882/6
CofA 's-Hertogenbosch	12-12-78	BIE 1982/14
CofA Amsterdam	21-3-80	BIE 1980/56
CofA Arnhem	1-12-80	BIE 1981/74
CofA Liège	15-2-81	BIE 1984/5
Pres. DC Zutphen	19-2-81	BIE 1984/29
CofA Arnhem	7-12-81	BIE 1983/15
Pres. DC Rotterdam	12-2-82	BIE 1983/6

DESIGN PROTECTION AND UNFAIR COMPETITION

Pres. DC Haarlem	2-2-83	BIE 1984/97
CofA Leeuwarden	6-4-83	BIE 1984/95
CofA Amsterdam	26-5-83	BIE 1984/60
Pres. DC Zwolle	31-10-83	BIE 1985/42
CofA 's-Hertogenbosch	1-2-84	BIE 1985/48
CofA Amsterdam	11-4-84	BIE 1986/51
DC Leeuwarden	3-1-85	IER 1985/2
Pres. DC Assen	8-1-85	BIE 1985/49
DC Leeuwarden	2-1-86	BIE 1987/48
Pres. DC 's-Hertogenbosch	5-12-86	IER 1987/3
CofA Amsterdam	26-11-87	BIE 1989/35
CofA Amsterdam	26-4-88	BIE 1990/8
Pres. DC The Hague	23-8-88	IER 1988/47
Pres. DC Haarlem	18-11-88	BIE 1989/69
Pres. DC Utrecht	26-9-89	IER 1990/11
CofA Amsterdam	14-12-89	BIE 1990/66
CofA Amsterdam	19-4-90	IER 1990/48
DC Middelburg	30-5-90	BIE 1994/54
Pres. DC Haarlem	6-7-90	IER 1990/53
Pres. DC Haarlem	2-11-90	IER 1991/3
CofA 's-Hertogenbosch	19-3-91	IER 1991/33
Pres. DC Utrecht	25-4-91	IER 1991/32
DC Zutphen	23-5-91	BIE 1993/15
CofA 's-Hertogenbosch	26-6-91	BIE 1993/25
Benelux Court of Justice	16-12-91	IER 1992/13
Pres. DC Amsterdam	13-2-92	BIE 1992/86
Pres. DC The Hague	20-1-93	IER 1993/14
CofA The Hague	22-4-93	IER 1993/27
CofA The Hague	22-4-93	BIE 1994/90
CofA Brussel	9-6-93	BIE 1994/11
Pres. DC Utrecht	29-6-93	IER 1993/32
Pres. DC Utrecht	15-7-93	IER 1993/37
CofA 's-Hertogenbosch	11-8-93	BIE 1994/61
Pres. DC Utrecht	25-1-94	IER 1994/9
Pres. DC Alkmaar	21-7-94	IER 1994/25
CofA Amsterdam	11-8-94	BIE 1996/27
Pres. DC The Hague	16-8-94	BIE 1995/93
CofA Arnhem	13-9-94	BIE 1995/91
Pres. DC Haarlem	27-9-94	BIE 1997/16
CofA 's-Hertogenbosch	31-1-95	BIE 1996/28
Pres. DC Leeuwarden	1-2-95	BIE 1996/49
CofA Arnhem	17-10-95	BIE 1997/17

Keeping Up Appearances

Tony Huydecoper

Design Protection: Why and How?

1. In an article in *BIE* 1997 (p. 33 ff. and in particular in § 19), I briefly suggested that the legal rationale for the protection of models and designs needed more articulate consideration. This article further develops that theme.¹ It is worth attention because many countries have a well-developed branch of law specifically concerned with this form of protection, and a number of treaties and draft treaties address the subject.² Particularly relevant to this part of the world is the initiative of the European Commission to create both a system of Community design protection and a Directive to harmonize the disparate national laws of Member States.³
2. The initiative for EU legislation pinpoints a phenomenon peculiar to design protection, i.e., the very different ways in which national laws of EU Member States have dealt with the subject up to now. It is suggested that this provides *prima facie* evidence that the principles underlying design protection are also perceived very differently, so that – apparently – highly conflicting opinions exist on the subject.

Origins and Extent of Design Protection

3. In doctrine it is often frankly admitted that design protection historically derives, at least for a major part, from the fact that conservative attitudes

1 Hereafter, the expression 'models and designs' will usually be abbreviated to 'designs'. Design protection is sometimes divided, in line with a usage of speech developed in French and German law, into two branches: design protection law 'proper', and the law concerning 'utility designs' – the latter, in reality, being inventions with (very) limited inventive merit. This paper deals only with the former category.

2 Paris Convention, Article 5 *quinquies*; Hague Agreement concerning the International Deposit of Industrial Designs (1925); WIPO is currently considering a new designs treaty; all EU Member States (except Greece) have specific legislation for design protection.

3 See, e.g., *OJ* 1994 C29, p. 20 ff. and *OJ* 1996 C142, p. 7 ff.

towards other forms of protection – patent, copyright or trademark/passing-off – left a vacuum.⁴

4. Meanwhile, though it is undeniable that design protection is partly rooted in deficiencies attributed to traditional regimes of copyright protection (or patent or trademark/passing-off protection), there is also a class of designs to be considered which are protectable in many existing systems of design law without meeting the standards for any of the other regimes of intellectual property protection. Examples in doctrine and case-law are numerous: a refrigerator decorated in (traditional) tartan colours,⁵ a cigarette lighter shaped like a golf ball,⁶ or a barber's chair for children, composed of an existing design for a barber's chair/pedestal combined with an existing design for a children's pedal car.⁷

The Nature of Design Protection

5. It has frequently been said⁸ that design protection is a hybrid, partly based on concepts akin to patent law (or, more generally, industrial property law), and partly on copyright-derived concepts.

Upon examination, there may be more to be said for the proposition that design protection derives in part from (besides the roots of copyright law) concepts proper to trademark law and/or laws relevant to passing-off (*Ausstattungsschutz* or *sklavische Nachahmung* identify similar concepts in German law), rather than from patent law principles.

6. Design laws commonly have *formal* structures reminiscent of patent laws. They often require some form of 'official' registration of the design to be protected, and they may prescribe some form of examination. In many instances, the registration requirement is combined with a novelty test.

However, the *protection* intended by design laws is almost uniformly restricted to elements relevant only to the outward appearance of the product seeking protection. Design laws specifically exclude those elements that are necessary for purposes of obtaining a technical effect – that is to say, the subject matter to which patent law may be relevant. With respect to the properties which design laws propose to protect, and

4 See on the subject, among others, Cornish, *Intellectual Property* (London 1996), e.g., § 14–08; Laddie *et al.*, *The Modern Law of Copyright and Designs* (1995), § 29.7 – 29.41; Pérot-Morel, *Design Protection* (Cohen Jehoram (ed.), Leiden 1976), p. 47 ff. and the same in *Jura Vigilantibus* (Brussels 1994) pp. 250–251; Bertrand, *Marques et Brevets, Dessins et Modèles* (Paris 1995) e.g., § 3.12; Cohen Jehoram, e.g., in *EIPR* 1992, p. 76 and *EIPR* 1994, pp. 517–518; Eichmann-Von Falckenstein, *Geschmacksmustergesetz* 1988, pp. 18–19.

5 Cohen Jehoram, *EIPR* 1994, p. 516.

6 Van Nieuwenhoven Helbach *et al.*, *Nederlands Handels- en Faillissementsrecht II, Industriële Eigendom en Mededingingsrecht* 1989, § 523.

7 HR 10 March 1995, *NJ* 1995, 670 DWFV.

8 In fact, many of the sources quoted in note 4 are to this effect. See also Van Nieuwenhoven Helbach, *Design Protection* (Cohen Jehoram (ed.)), Leiden 1976, p. 5 ff.; Fellner, *Industrial Design Law* (London 1995) §§ 1.002–1.007.

with respect to the protection that they intend to provide, it is submitted that design laws have hardly any common ground with patent law at all.

7. So what do design laws protect? They protect the outward appearance of products. Consequently they cover subject matter that coincides with or overlaps the subject matter also dealt with by copyright and by trademark/passing-off law. Each of these branches of the law provides a form of protection for outward appearances. However, each of these branches does this for different reasons, and consequently in a different form.

8. Copyright, by and large, protects the creative effort that has resulted in a work of art (or literature, etc.).

Copyright law strikes a balance between the justified interests of the creators of 'works' on the one hand, and the general interest of freedom of trade, industry and expression on the other hand.

9. The balance can be approximately summarized along the following lines:

- a. A certain degree of merit or effort is required for a work to qualify for protection. However, other requirements – in particular, the completion of certain formalities – are considered unnecessary or even positively objectionable.
 - b. The protection awarded is limited to the actual 'taking' of what the maker of a work has contributed. Independent creation is therefore left untouched, as is the emulation of features in which the originality or effort of the maker was not expressed. Most importantly, protection is limited to the form of expression evidenced in the work seeking protection. It does not extend to the underlying concepts or ideas.
 - c. Protection is (somewhat) limited in time, so that all 'works', however remarkable or meritorious, will one day end up in the public domain.
10. Many systems of trademark law provide for the protection of a product's shape, or its outward appearance generally. Where that is – or was – not the case, similar protection was often provided under principles of 'passing-off'. In either case, the conditions for protection and the scope or purpose of the protection given were very similar:
- a. The protection derives from the distinctive character of the appearance in question, allowing the public to recognize the product as individual and/or as issuing from some identifiable source.
 - b. Protection is due where the distinctive elements of the appearance of the original product are emulated to such an extent that some form of deception or confusion⁹ is likely.

9 The concepts of deception or confusion, of course, have a variety of meanings in different jurisdictions. Benelux trademark law has for some 25 years now operated on a broader (and, according to Benelux practitioners, such as the author, a better-considered and more equitable) principle. However, since ECJ 11 November 1997 (*Sabel B.V. v. Puma AG*, Case C-251-95) this approach may, for practical purposes, be considered abandoned.

- c. Protection may be subject to formalities, such as the effecting of a registration. It is not necessarily limited in time. Deception remains reprehensible, no matter how long the object of the deception has been with us.¹⁰

Principles Underlying Design Protection

11. This article will assume that the laws of copyright, trademarks and (or) passing-off are well-considered in the relevant jurisdictions (or, where that is not the case, that the relevant laws themselves should be re-examined, rather than 'patching up' deficiencies through extension of other forms of protection).

Assuming this, two questions can be raised:

- Are there grounds for excepting the subject matter of design laws (i.e. the outward appearance of products) from the scope of either copyright or trademark/passing-off law?
- Are there principles which justify a separate form of protection, distinct from (but possibly overlapping) the sources of protection just mentioned, particularly concerning the outward appearance of products? And if so, what are these principles, and what protection do they justify?

12. The answer to the first of these questions seems obvious: if protection is deemed justifiable or even necessary for the phenomena to which copyright, trademarks and/or passing-off law relate, it is very difficult to conceive why that is not equally true, to the same extent and for the same reasons, in the case of the outward appearance of products. Indeed, acceptance of the fact that the branches of the law mentioned (should) also extend to the appearance of products, meanwhile seems to have become well-nigh universal. It might be argued that in the case of products, and utility products in particular, the requirements of free trade and industry (as indicated in paragraph 8 above) deserve a little more weight, and perhaps that the merit justifying protection is, on average, somewhat less than is the case with artistic expression in the traditional sense, or than is the case with trademarks which do not otherwise influence their products' properties. This, presumably, is the reason for the compromise visible in Article 7 par. 4 of the Berne Convention, which allows for a limitation of the duration of copyright in the case of (photographs and) product design.¹¹

It seems unacceptable, however, to completely set aside the principles established for other categories, where the appearance of products (otherwise meeting the requirements for protection) is concerned. That appearance therefore deserves protection in, substantially, the same form and to the same extent as any other relevant phenomenon.

¹⁰ Argument to the opposite effect was raised (and rejected) in e.g., HR 31 March 1991, *NJ* 1992, 391 DWFV. The argument rejected suggested that protection under 'passing-off' principles in the Netherlands should be limited to a period of time commensurate with that for which design protection can be claimed.

¹¹ *The Guide to the Berne Convention*, Geneva 1978, par. 49 is suggestive to this effect.

13. Which brings us to the second question raised in paragraph 11 above (and more or less mirroring the first question): assuming that copyright, trademark and passing-off laws are well-considered – which implies that the subject matter for which those laws do *not* provide protection was left unprotected on well-considered grounds also – what could justify the creation of a separate form of protection for the outward appearance of products, and what form of protection results from that justification?

14. As already noted in par. 4 above, the question is certainly not merely academic. There is a substantial category of products which are unlikely to merit protection in the traditional fields of intellectual property law discussed above, and which do lay claim to protection. Also, the considerable volume of design legislation presently in effect, clearly indicates that a need for specific protection – which cannot entirely be explained from the deficiencies of existing (traditional) intellectual property legislation – is widely felt.

15. Nevertheless, the assumptions made in paragraphs 12 and 13 above seem to beg the question: if copyright law and trademark/passing-off law justifiably set certain standards for the protection of outward appearances – and therefore justifiably exclude phenomena that do not meet those standards, basing all this on a fair balance of the societal interests involved – it is difficult to see under what principle products which fail to meet the relevant standards – and for which the balance of the relevant interests therefore gives a negative outcome – could nevertheless justifiably demand protection. By the same token, it is difficult to imagine the extent and scope of the protection to which such products might lay claim.

Ill-defined Scope of Design Protection

16. The difficulty becomes manifest when one examines design laws more closely. More often than not, they waver between protection of the ‘originality’ aspects of the relevant design and the ‘distinctiveness’ aspects. Often they employ designations which vaguely indicate both properties, or some hybrid property such as ‘individuality’ (which might equally well mean either ‘originality’ or ‘distinctiveness’, or both). For example, the Explanatory Memorandum to the Benelux Designs and Models Act¹²

12 See, *Schuurman & Jordens Editie* vol. 34, p. 38.

defines the test for untoward similarity of designs in terms of 'so little difference that the public might easily confuse one with the other'. Nevertheless, as this act does not require a design to be distinctive – mere novelty is sufficient – the test of confusion appears inappropriate for the stated purpose.

17. The French Designs Act apparently finds distinctiveness and originality to be more or less synonymous.^{13,14} UK law similarly wavers between testing for 'essential' features or for 'visually striking' features.¹⁵

18. The draft EU Directive refers to 'individuality' or 'individual character'. As already indicated, these terms could mean either originality or distinctiveness, or both. Protection under the draft Directive would cover any design which, to the informed user, does not give a different overall impression, taking into account the scope which the designer had available. Again, the test seems to be somewhere halfway between: '... has what makes the protected design 'original' been taken?', or 'have such distinctive features been taken, as to make the conflicting designs insufficiently distinguishable, that is to say: confusingly similar?'

19. It seems inherently illogical to award protection to 'works' only when they have a certain degree of merit justifying copyright – for instance, originality, the standard accepted in most continental European countries – but to provide for a certain form of protection of quite comparable effect for (utility) products, even if they do not meet this standard. Why should utility products merit an additional degree of protection, withheld from other phenomena? And it seems doubly illogical to give the special protection for this category of products the form it has usually been given, i.e., that of a registration system. Design protection, substantially most comparable to copyright, is given an

13 Bertrand, *Marques et Brevets, Dessins et Modèles* (Paris 1995) § 4.222. French case law uses terms of both description indiscriminately (or uses 'meaningless' phraseology, making reference to such concepts as 'individuality', 'essential characteristics', e.t.q. – *op. cit.* § 4.781). Further, as stated above, designs submitted for protection under specific design laws are not infrequently such that both originality and distinctiveness, falling within the ambit of copyright or trademark law, are very doubtful indeed. Random examples can be found in the most recent edition of the *Recueil des Dessins ou Modèles Benelux*, a publication of the Benelux Designs and Models Bureau (1997, nr. 11, *see e.g.*, designs Nos. 28569–01, 02 and 03, 28576–08, 28577, 28579, 28580, 28582–01 and 28561–01).

14 Of course, 'originality' in any of the meanings current for that concept in copyright doctrine is not synonymous with distinctiveness. For instance, trivial or cliché elements may be readily useable as distinctive features, without, of course, producing originality. In this vein, decorating a bottle of traditional Dutch jenever (gin) by hanging two miniature, Delft-blue porcelain clogs from the bottle's stopper may well be distinctive, but it is very unlikely that it would be considered an original composition meriting copyright. Similarly, mere colour may be sufficient to distinguish the packaging of a product (such as the bright blue colour used for Camping Gaz gas cylinders, *see* Benelux Court of Justice 9 March 1977, *BIE* 1977, No. 60, p. 203 ff.). It is highly unlikely that painting a gas cylinder bright blue could make the result susceptible of copyright protection, whilst trademark protection may well be available.

15 Laddie *et al.*, *The Modern Law of Copyright and Designs* 1995, § 35.10.

incongruously different legal footing. That casts an extra modicum of doubt on both the purpose and the extent of the protection envisaged.¹⁶

The same, *mutatis mutandis*, may be argued when comparing design protection to trademark or passing-off protection.

20. All things considered, the case for a separate regime of design protection (assuming that protection under copyright law and under trademark/passing-off law is adequately available) is a weak one. Nevertheless, the European Commission's initiative should be applauded. It is particularly well-advised in that it provides for cumulation of the proposed design protection with all other forms of protection available under national laws – thus coinciding with the view expressed in paragraph 12 above. For the remainder, it provides a significant, albeit limited step towards merging the very disparate systems of protection now available within EU Member States, in the direction of a system having at least a common basis. In doing so, it seemingly accepts the need for a separate system of design protection; but the underlying assumption would appear to derive more from the unsatisfactory state of the existing national laws of Member States than from any positive basis justifying the particular régime of protection proposed. The question why designs should be protected and how has been solved on the basis of expedience rather than of principle. However, operations aimed at harmonizing the laws of EU Member States are often better served through pragmatism rather than principles.

16 For instance, protection via registration has the curious effect that it is the registration rather than the actual design in its practical embodiment which determines the protection. Thus a registration may – and often does – exhibit a highly abstracted version of the design compared to what is actually put on the market, leaving out many details (such as markings, colour patterns, appendixes, decorative elements) which are included in the product as it is actually sold. The question then is whether the registration may cover a broad range of embodiments, provided these all include the abstract design as registered (in which case design registration could be a very powerful protective instrument) or whether the registration covers only the design as actually registered. The latter might mean that concrete embodiments including the addenda left out in the registration, could be argued to fall outside the protection conferred by the registration, because they show 'more than insignificant differences'. Under that construction, design protection would only be partially effective.

Misappropriation of Goodwill of Popular Symbols

J.C. Sebastian Pinckaers

Introduction

In 1963 Herman Cohen Jehoram published his PhD, entitled '*Goodwillrecht*'. In his thesis Herman argued that like copyrights, patent rights and trademark rights, the law should recognize a subjective right in goodwill. He criticized the Proposal for a new Dutch Civil Code, which on the one hand in Article 3.1.1.11 recognized the 'generality of goods', making it possible to assign a company as such, and on the other hand did not explicitly recognize a 'goodwill right', making it impossible under Article 3.4.2.1. (now Article 3:83 Civil Code) to assign the goodwill of a company as such. In the legislative process after 1963, which resulted in the 1992 (New) Civil Code, Article 3.1.1.11 was abandoned and with it an argument for recognition of a goodwill right. Therefore, under current Dutch law, it is not possible to assign a company or goodwill as such (as a 'good').

A company has its own goodwill, which may be symbolized in part or in whole by the trademarks or trade names the company uses. Herman's early plea for recognition of a goodwill right makes clear why he would go on to become a great promoter of intellectual property rights in the Netherlands. One of his arguments for recognition of a goodwill right was his disagreement with prevailing case law and the view of eminent scholars, such as Meijers and Telders, that from the principle of free trade and enterprise it follows that if there is no specific statutory rule to oppose it, profiting from a competitor's achievement or the appeal of a competitor's product is not unlawful, not even if this harms that other competitor. For example: in the *Tjoklat* case,¹ the Netherlands Supreme Court ruled that profiting from a competitor's goodwill created by advertising of the word 'Tjoklat' (which was used as a generic in the Malay Archipelago) did not constitute an act of unfair competition. In the *Hamea* case,² the Supreme Court ruled that the intentional use of (similar) packaging which enables a competitor to profit from the goodwill of an other competitor is not unlawful, unless such use occurs under circumstances which cause the public to be confused or misled.

1 Supreme Court, 7 March 1941, *NJ* 1941, 919 (with annotation Meijers) (*Tjoklat*).

2 Supreme Court, 5 March 1943, *NJ* 1943, 264 (*Nivea/Hamea*).

Similarly, in the *Bolhoeve* case, the Supreme Court did not consider the publication of advertisements on portfolios of popular magazines unlawful towards the publishers of those magazines.³ Cohen Jehoram criticized the outcome of such cases. In his view, profiting from a competitor's goodwill created by advertising should be unlawful irrespective of a requirement of likelihood of confusion.⁴

In this article, I make an attempt to analyze to what extent under Netherlands law, the misappropriation of (i.e., 'profiting from', 'leaning against' or 'parasitic use of') the goodwill or reputation of *symbols* already existing in the mind of the consumer can be considered unlawful in the event that such use is not likely to cause *confusion* or *mislead* the relevant public. Examples of such symbols are famous trademarks and trade names, indicia which identify celebrities and other popular symbols derived from mass media products, such as titles or fictional characters.⁵

Benelux Law on Marks

Period 1971–1995

On 1 January 1971 the Benelux countries enacted one of the most modern trademark laws in the world. The Benelux Court of Justice interpreted the Benelux Trademark Act (BTA) in such a way that trademark owners could obtain protection against the misappropriation of the goodwill in their trademark (and since 1987 also service marks), even if there was no direct or indirect confusion.

Article 13(A)(1) of the old BTA provided that the owner of a registered mark could oppose:

1. any use made of the mark or of a similar sign for the goods in respect of which the mark is registered, or for similar goods;
2. any other use, in economic intercourse, of the mark or of a similar sign made without a valid reason under circumstances likely to cause prejudice to the owner of the mark.'

In the *Union* case, the Benelux Court of Justice rejected the traditional confusion test (as proposed by Attorney-General Krings) and held that there was similarity between a mark and a sign

3 Supreme Court, 23 June 1961, *NJ* 1961, 423 (*Bolhoeve/De Geillustreerde Pers*).

4 See *Goodwillrecht*, 198–201.

5 I will not discuss the protection of geographical indications. See for a discussion of these symbols: Frederick W. Mostert, *Famous and Well-Known Marks, An International Analysis*, 1997, at 102–122. Nor do I discuss the issues of referring or comparative advertising.

‘when, taking account of the particular circumstances of the case, and in particular the distinctive power of the mark, the mark and the sign, considered as a whole and in their reciprocal relations, present on an auditory, visual, or conceptual level a similarity that therefore associations between the sign and the mark are evoked.’⁶

This association test covered three situations:

1. Direct confusion: the likelihood of confusion between the mark and the sign themselves. There is a risk that the consumer will take one sign for the other.
2. Indirect confusion: the mark is likely to cause confusion, as to the business connection, association or sponsorship of the user with the trademark owner, notwithstanding the fact that the mark and the sign as such will not be confused. For example, a consumer might be under the wrong impression that there exists a merchandising, franchising or sponsorship agreement.
3. Other associations: the likelihood that (subconscious) associations are made by virtue of the fact that through the perception of a sign, recollection of the mark might be stirred up, called to mind by the perception of a sign. This category ‘also covers the likelihood of *dilution*.’⁷

With respect to Article 13(A)(1)(2) (dissimilar products and non-trademark use) the Benelux Court of Justice held that the term ‘prejudice’ does not require that:

- a. the distinctive power of the mark is affected,
 - b. there exists a risk of confusion,
 - c. the reputation of the mark is exploited by improper means,
- but can also be present
- d. if the defendant’s use results in a loss of exclusivity, whereby plaintiff’s mark is no longer capable of arousing immediate association with the goods for which the mark is registered and used, or
 - e. if the ability of plaintiff’s mark ‘to stimulate purchase’ is adversely affected when the class of goods for which the sign is used is apt to reduce the attractiveness and selling power of the goods for which the prior mark is registered and used.

The Court also ruled that in order to establish ‘prejudice’, the plaintiff does not have to prove that his mark is a famous mark. However, if it is a famous mark, it will influence the assessment of prejudice. In addition, the Court held that a ‘valid reason’ is only present if ‘the user is under such a need to use this particular sign that he cannot reasonably be expected to refrain from that use, regardless of the prejudice caused to the trademark owner by that use.’

6 Benelux Court of Justice 20 May 1983, *NJ* 1984, 72 (LWH) (*Union-mark: Henri Jullien v. Verschuere*).

7 See Charles Gielen, ‘Benelux’, in: Frederick W. Mostert, *Famous and Well-Known Marks, An International Analysis*, 1997, at 200, citing as a ‘good example’ Supreme Court 24 June 1977, *NJ* 1978, 83 (*Monopoly-Anti Monopoly*): trademark infringement, although ‘it could be argued that there was no risk of confusion in this case because ANTI MONOPOLY is the reverse of MONOPOLY.’

The Court explicitly remarked that the BTA granted a *broader* scope of protection of an exclusive trademark right than is necessary to protect the distinctive power of a mark and to prevent the likelihood of confusion as to source.⁸

Article 11A BTA provides that an exclusive trademark right can be assigned independently of the transfer of the business or a part thereof. Thus trademark rights can be assigned apart from the business with which the mark has been associated and which created the goodwill.

It can be concluded that Benelux trademark law recognized that a trademark can perform the following (overlapping) functions:

1. to identify one seller's goods and distinguish them from goods sold by others (*identification* function);
2. to signify that all goods bearing the trademark come from or are controlled by a single, often anonymous, source, and, therefore, are of an equal level of quality (*quality* function);
3. as a prime vehicle in advertising and marketing the goods in order to create the goodwill (*advertising* function);
4. as a symbol of the goodwill that a business has built up, resulting in consumer preference (*goodwill* function).

In his annotation under the Claeryn decision, Cohen Jehoram noted that the Court broadened the scope of protection to a trademark right that is unique in the world. In his opinion, Benelux law was at the forefront of the (international) development of the function of a trademark from identification sign towards a symbol of goodwill, recognizing the mark as an independent goodwill bearer.⁹

The Court's rejection of the test of likelihood of confusion in favour of the association test can be seen in the context of this development. The identification and quality functions could be guaranteed under the traditional 'likelihood of confusion' test. However, under the association test, the goodwill in a mark can also be protected against the unauthorized non-confusing use of the mark or a similar sign. The protection seems to rest on the social interest in primarily protecting not the consumer, but the trademark owner who has achieved a competitive advantage through building up of goodwill, against misappropriation by competitors who desire to profit from this goodwill. Van Engelen argued that the justification of the association test must be found in the fact that the defendant commercially exploits the goodwill of the plaintiff's mark.¹⁰

The content of the trademark right was very broad. The BTA was very well suited for the merchandising industry. Marks which have gained goodwill, reputation or popularity in one area, could also be exploited for merchandising purposes in connec-

8 Benelux Court of Justice, 1 March 1975, *NJ* 1975, 472 (LWH); AA 1977, 664 (HCJ) *Claeryn v. Klarein*: owner of the mark CLAERYN for Dutch gin could oppose the mark KLAREIN for detergents.

9 AA 1977, 664.

10 Van Engelen, *Prestatiebescherming en ongeschreven intellectuele eigendomsrechten*, 1994, at 99.

tion with products in other areas. Profiting from the popularity of another's trademark, by using a similar mark for one's own commercial purposes in connection with non-similar goods or services, constituted an infringement of exclusive rights in that mark, if the trademark owner could reasonably show that he may suffer damage as a result of diminution of the exclusivity, or the attractive power of the mark. For example, the Hague District Court held that use of the mark CHRISTOFFER DUNHILL for sunglasses constituted an infringement of mark ALFRED DUNHILL for smokers' goods.¹¹ The Hague Court of Appeals held that the mark SWITCH for radios constituted an infringement of the mark SWATCH for watches. The Court held that the relevant public would associate the SWITCH radios with the SWATCH mark, which would affect its 'symbol value'. The Rotterdam District Court ruled that defendant's use of the mark MATCH LINE for clothing constituted an infringement of Philips' mark MATCH LINE, registered for audiovisual products.¹² The 's-Hertogenbosch District Court held that the trading of imitation Michelin dolls constituted an infringement of the Michelin trademark for car tyres, since it could dilute the exclusivity and distinguishing power of the trademark, even though the public was aware of the fact that the dolls were imitations.¹³

THE BTA UNDER INFLUENCE OF THE HARMONIZATION DIRECTIVE

Since 1 January 1996 the new BTA is in force, in which the First Council Directive 89/104/EEC of 21 December 1988 to approximate the laws of the Member States relating to trade marks (Directive) is implemented. Article 13A(1) BTA (new) provides that the owner of a trademark may prohibit:

- '(a) any use in the course of trade made of the mark for goods for which the mark is registered;
- (b) any use in the course of trade made of the mark or of a similar sign for goods for which the mark is registered or for similar goods where there exists a likelihood of association on the part of the public between the sign and the mark;
- (c) any use in the course of trade, without due cause, made of a mark that has a reputation in the Benelux territory, or of a similar sign, for goods that are not similar to those for which the mark is registered, where use of such sign takes unfair advantage of or is detrimental to the distinctive character or the repute of the mark;
- (d) any use in the course of trade, without a due cause, of a mark or a similar sign in any way other than to distinguish goods where use of such sign takes unfair advantage of or is detrimental to the distinctive character or the repute of the mark.'

11 District Court The Hague, 21 December 1978, *BIE* 1982, No. 13, at 42 (*Christopher Dunhill/Dunhill*).

12 District Court Rotterdam, 3 September 1989, *IER* 1989 No. 56, at 111 (*Match Line*).

13 District Court 's-Hertogenbosch, 27 August 1982 and 29 April 1983, *BIE* 1983, No. 89, at 273 (*Michelin-Bibendum character*).

The scope of protection of the exclusive trademark has been reduced in two ways. *First*, the *per se* rule of Article 13A(1)(1) BTA (old)¹⁴ has been abolished. Under Article 13A(1)(b) BTA (new), the plaintiff must now show a likelihood of direct or indirect¹⁵ confusion in the event that the defendant uses an identical mark for similar goods, a similar mark for the goods in respect of which plaintiff's mark is registered, or a similar mark for similar goods. In the *Sabel v. Puma* case, the ECJ rejected the association test of the Benelux Court of Justice.¹⁶ Confusion means more than that the defendant's mark merely calls to mind plaintiff's mark.¹⁷ This raises the question whether a plaintiff can no longer oppose (the probably rare case of) a non-confusing but diluting use for similar products. For example, if a defendant sold T-shirts under a device mark consisting of two copulating LACOSTE crocodiles, the public might realize that it is a parody and that there is no connection with the owner of the LACOSTE mark. Such diluting use could be forbidden under the old Article 13A(1)(1).¹⁸ Van Manen suggested that if marks with a *repute* are protected against dilution by use in connection with non-similar goods (Article 5(2) Directive), they should *a fortiori* receive protection against dilution by use in connection with similar goods.¹⁹ This question must ultimately be answered by the ECJ.

Second, the rule of Article 13A(1)(2) BTA old is incorporated in Articles 13A(1)(c) (use of a sign to distinguish non-similar goods) and 13A(1)(d) (other uses). The plaintiff must show that the defendant's use takes *unfair advantage* of or is *detrimental to the distinctive character or the repute* of the mark. This requirement is, at least in theory, more strict than the old general damage criterion. In addition, Article 13A(1)(c) only applies to marks that have a *reputation* in the Benelux territory.

The rejection of the association test does not mean that under influence of European Community law the goodwill function of a Benelux trademark is no longer protected. The tenth recital of the Directive mentions that the function of a trademark

14 Cf. Gielen/Wichers Hoeth, *Merkenrecht*, 1991, No. 1079.

15 Cf. Advocate General Jacobs in his Opinion of 2 April 1998 in Case C-63/97 (*BMW v. Denik*): 'However, there will only be a likelihood of confusion within the meaning of that provision [Article 4(1)(b) Directive] if it is likely that the public will be confused into thinking that there is some sort of trade connection between the suppliers of the goods or services in question.'

16 Case C-251/95 *Sabel BV v. Puma AG, Rudolf Dassler Sport* (11 November 1997), 1998 *ETMR* 1. Although the ECJ rendered its decision with respect to a case which involved a (non-famous) device mark and the interpretation of Article 4(1)(b) (grounds for refusal or invalidity), I am of the opinion that the same rule will apply to other cases that come under Article 4(1)(b) and Article 5(1)(b) Directive (rights conferred by a trademark).

17 Cf. in the United States: In re *Ferrero*, 479 F.2d. 1395, at 1397; 178 U.S.P.Q. 167 (C.C.P.A. 1973): 'The fact that one mark may bring another mark to mind does not in itself establish likelihood of confusion as to the source. [...] The very fact of calling to mind may indicate that the mind is distinguishing, rather than being confused by, two marks. [...] Seeing a yellow traffic light immediately calls to mind the green that has gone and the red that is to come, or *vice versa*; that does not mean that confusion is being caused. As we are conditioned, it means exactly the opposite.'

18 Cf. Pres. District Court Amsterdam, 26 July 1984 (*Kappa/Hoppa*), unpublished, but mentioned in Ruijsenaars, *Character Merchandising*, at 547, Munich, 1997.

19 Van Manen, 'Associatiegevaar in BMW en Merkenrichtlijn', *BIE* 1997, 155.

'is *in particular* to guarantee the trade mark as an indication of origin.'²⁰ Although no other functions are mentioned, the words '*in particular*' make clear that other functions can also be protected. In the *Bristol Myers-Squibb v. Paranova* case, the ECJ recognized the right of a trademark owner to oppose defective, poor quality, or untidy repackaging, which might damage the reputation of the mark and its owner. Thus the ECJ recognized that trademark law can protect other interests than the right to ensure that there is no likelihood of confusion.²¹

The Directive itself states in the ninth recital that the Member States are free to grant extensive protection to those trade marks which have a *reputation*. Article 5(2) Directive entitles the Member States to provide protection against use of any sign which is similar to a mark which 'has a reputation in the Member State' in connection with non-similar goods, if that use 'takes unfair advantage of [...] the distinctive character or the repute of the trade mark.'²² Not only the Benelux, but also Germany, France, United Kingdom, Italy, Sweden, Denmark, Finland, Greece, Portugal and Ireland, have implemented this rule in their legislation.²³ The protection clearly goes beyond the confusion standard, and, probably includes *dilution by blurring*²⁴ or *tarnishing*.²⁵ Mostert suggests that the 'taking unfair advantage' test may even extend this protection beyond the ambit of dilution, recognizing the commercial magnetism of famous marks as a *ius in se*.²⁶ The outer scope of protection still has to be defined by the courts, ultimately by the ECJ.

At this moment it is not yet clear when a mark has a *reputation* in the Benelux territory. The criterion seems to be less demanding than the 'well-known' standard of Article 6bis Paris Convention.²⁷ However, the new criterion clearly shows that Cohen

20 Cf. ECJ 23 of May 1978, Case 102/77, *Hoffmann-La Roche v. Centrafarm*, ECR 1978, 1139, at par. 7: the object of trademark law is to protect owners against contrivances of third parties who might seek, by creating a risk of confusion amongst consumers, to take advantage of the reputation accruing to the trade mark; ECJ 10 October 1978, Case 3/78 (*Centrafarm v. American Home Products Corporation*), ECR 1978, 1823, par. 11 and 12).

21 ECJ 12 July 1996, Joined Cases C-427/93 and C-36/93 (*Bristol Myers-Squibb v. Paranova and Bayer Aktiengesellschaft, Bayer Danmark v. Paranova*), ECR 1996, I-3457, par. 68-69.

22 Cf. Articles 4(4)(a) and 4(3) Directive. Article 4(3) is compulsory. Article 4(4)(a) is optional. However, according to the understanding of the Commission, all Member States have availed themselves of the option provided by Article 4(4)(a), see opinion of Advocate General Jacobs, delivered on 2 April 1998 in Case C-39/97 (*Canon v. Pathe*), par. 50.

23 See Tatham, *ECTA Guide to E.U. Trade Mark Legislation*, 1998, at pp. 157, 199, 245, 281, 369, 414, 497, 543, 633, and 690. Only Austria and Spain did not adopt this rule in their Trademark Acts, *ibid.* at 67 and 686.

24 Customers will see plaintiff's mark used by other persons to identify other sources on several different goods and services. The distinctive power of the mark to identify and distinguish one source may be diluted and weakened even there is no direct or indirect confusion.

25 Defendant's unauthorized use in an unwholesome or degrading context tarnishes or degrades the distinctive quality of the mark. Cf. Martens, *Onrechtmatige Daad VI*, (old), No. 128.4.

26 Frederick W. Mostert, *Famous and Well-Known Marks, An International Analysis*, 1997, at pp. 65-68. As a support, he also refers to Verkade, *Ongeoorloofde mededinging*, 1986, Chapter IX on misappropriation (*aanleunen*).

27 In Council Regulation (EC) No. 40/94 of 20 December 1993 on the Community trademark a distinction is made between the '*reputation in the Community*' criterion in Articles 8(5), 9(1)(c) Regulation, and the '*well known*' standard of Article 6bis of the Paris Convention in Article 8(2)(c) Regulation.

Jehoram was right when, in 1977, he remarked that the Dutch government, in its negotiations about future Community trademark law, should not try to export its broad rule of Article 13A(1)(2) BTA (old) to the rest of Europe. Cohen Jehoram suggested adopting the 'well-known' standard of Article 6*bis* Paris Convention.²⁸

Trade Names

The scope of protection against misappropriation of another's trade names beyond the likelihood of (direct and indirect) confusion criterion of Article 5 Trade Name Act, is not clear. The classic view under Dutch law is that taking advantage of another's symbol is not unlawful (*see infra* ad 5). However, several courts (but only lower ones) have granted protection against dilution of another's trade name on the basis of the general tort clause of Article 6:162 Civil Code. The literature seems to support this view.²⁹ It seems to me that under current Dutch law the Supreme Court will not protect the goodwill of (famous) trade names beyond the scope of confusion and (serious) dilution.

Protection of Persona of Human Beings

Herman Cohen Jehoram created my affection for intellectual property law. He supervised my thesis *'From Privacy Toward a New Intellectual Property Right in Persona'*.³⁰ In chapters 4 and 5, I analyzed to what extent under Dutch law protection is available against the unauthorized commercial use of a person's name, portrait, voice, signature, and/or other distinctive indicia that identify a specific human being. I will not repeat this here but refer to some recent developments.

The Supreme Court recognized that portrayed persons who have a popularity obtained in their profession of such a nature that a commercial exploitation of that popularity by any form of publication of their *portraits* becomes possible, have a reasonable *commercial* interest to oppose such exploitation if they do not receive any financial compensation.³¹ Lower courts have extended this rule to unauthorized commercial use of a person's *name*.³² The President of the Amsterdam District Court

28 See his annotation under the Claeryn decision, AA 1977, 664.

29 Martens, *Onrechtmatige Daad VI*, No. 126.3, Boekman, *De handelsnaam*, 2nd ed., at 97 ff., Verkade, *Ongeoorloofde mededinging*, at 106 ff.

30 Kluwer Law International, The Hague, London, Boston, 1996. Other supervisors were Prof. G.A.I. Schuijt and Prof. J. Thomas McCarthy.

31 Supreme Court, 19 January 1979, *NJ* 1979, 383 (LWH); *Auteursrecht* 1979, at 52 (JHS) ('*Schaeep met de Vijf Pooten*).

32 E.g. District Court Rotterdam, 4 February 1994, *NJ* 1995, 39; *IER* 1996, No. 20, at 113 (*Pogorelich/Honda*).

ruled that also the unauthorized use of a fictional character can be unlawful towards a performer, if he, as a human being, is identified by that character.³³

The Supreme Court only recognized the reasonable *commercial* interest with respect to persons who (a) have a popularity that is (b) obtained in their profession and that (c) can be commercially exploited. The Court has not (yet) rendered a decision with respect to commercial interests of other (non-famous) persons.

In 1997 the Supreme Court rendered an important decision in a *privacy* case. The Court held that a person portrayed, will, *in principle, always* have a reasonable interest to oppose the use of his portrait as support in a commercial advertisement. According to the Court, use of a portrait in an advertisement for a good or service will cause the public to associate the portrayed with that good or service, and the public will, in general, assume that such use is not without permission and a testimony of public support of that good or service by the portrayed.³⁴ The Supreme Court confirmed that persons have a privacy interest not to be used for commercial products and advertisements by a third party.³⁵ Important is that the Supreme Court did not require the plaintiff to prove mental damages. This means that persons who have not a commercial interest as recognized by the Supreme Court in *'t Schaep met de Vijf Pooten* case, can still exploit their portraits by agreeing not to invoke their privacy rights. It is to be expected that this rule will also be applicable if a person's *name* is used for commercial purposes.

However, some authors have argued that the words 'in principle' make clear that persons cannot oppose the unauthorized commercial use of their portraits if the public will *not* assume that those portrayed granted permission.³⁶ Van Manen argued that the use of portraits of four politicians (ministers) in an advertisement for services of a car lease company should not be held unlawful, since the public will not assume that they granted permission.³⁷

The law protects the *goodwill* associated with one's name or portrait against any form of unauthorized commercial use insofar as the plaintiff has obtained his popularity in his profession (i.e., a labour justification) or insofar as the public will be under the mistaken impression that the plaintiff consented to the defendant's use (false light justification). In my opinion, it follows from the principle of *personal autonomy* that every human being, including politicians, should have the right to develop his own persona and to decide how and what aspects of this personal persona will be shown to

33 Pres. District Court Amsterdam, 26 March 1981, *KG* 1981, 40; *BIE* 1983, No. 32, at 81 (*Max 'n Specs*). However, in this case, the plaintiff failed to show that the public identified him with the character 'Max'.

34 Supreme Court, 2 May *NJ* 1997, 661 (DWFV); *Informatierecht/AMI* 1997, 144 (GAIS) (*Disco dancer in advertisement for gay party*).

35 See *From Privacy Toward a New Intellectual Property Right in Persona*, § 4.5[B][6] and 4.5[B][4][b]. In 1909, De Beaufort already argued that the unauthorized commercial use of a portrait infringed his proposed 'recht van den afgebeelden persoon'. See *Het auteursrecht in het Nederlandsche en internationale recht*, diss. Utrecht, 1909, at 302–303, referring to writings of the German author Jozef Kohler.

36 E.g., Verkade and Schuijt in their annotations in *NJ* 1997, 661 and *Informatierecht/AMI* 1997, 144.

37 *Volkskrant* 14 October 1997, at 9.

the rest of the world. Therefore, every person should be able to control the commercial use of his own persona independent of any labour or false light requirement.³⁸ Since this justification for protection of goodwill in a portrait or a name only applies to human beings, it should be distinguished from the protection of goodwill in trademarks or other symbols which distinguish non-human entities.

Other Popular Symbols

The protection of trademark law is only available if the symbol is a registered mark within the meaning of Article 1 BTA, i.e. a symbol which serves to distinguish the goods or services of an enterprise. Many popular symbols exist that do not distinguish the goods or services of an enterprise. For example, the President of the Amsterdam District Court ruled that a picture of Rembrandt's famous 'Night Watch' on a tin of biscuits did not have distinctive power since the public would not view this picture as a sign suitable to distinguish the product.³⁹ Similarly, the President of the Amsterdam District Court held that the title 'Suske en Wiske' did not have distinctive power for comic books, since the title identified the popular comic books themselves, which featured the fictional characters 'Suske' and 'Wiske'.⁴⁰

The question remains to be answered whether the goodwill of other⁴¹ popular symbols, such as animals (dolphin Flipper), logos of prestigious institutions, such as universities, or media symbols, such as a the General Lee car featured in television series 'The Dukes of Hazzard', can be protected against misappropriation beyond the scope of confusion under the general tort clause of Article 6:162 Civil Code. For example, would it be unlawful if a toy manufacturer sells copies of the General Lee car, a bright orange 1969 Dodge Charger with numerals '10' placed on the door, in the event that there is no copyright infringement and the consumers identify this toy with the car in the TV series but do not think it is sponsored or authorized by the producer of the TV series?⁴²

38 See *From Privacy Toward a New Intellectual Property Right in Persona*, chapter 7, and my article in *Informatierecht/AMI* 1998, at 21. See for some exceptions, *From Privacy Toward a New Intellectual Property Right in Persona*, § 10.1[D].

39 Pres. Amsterdam District Court, 2 February 1992, *BIE* 1992 nr. 100, at 390 (vNH) (*Night Watch*).

40 Pres. Amsterdam District Court, 29 April 1982, *Auteursrecht/AMR* 1982, at 83 (*Vandersteen and Scriptoria/Verkuil*). Cf. Arnhem Court of Appeals, 17 September 1979, *NJ* 1980, 603; *BIE* 1980, nr. 9, at 53 (*Hot 50 Holland/Nederlandse Top 40*): mark 'Top 40' does not have distinctive power for music hit list.

41 Other than trademarks, trade names or indicia that identify a specific person.

42 Cf. in the United States: *Warner Bros., Inc. v. Gay Toys, Inc.*, 724 F.2d 327, at 333 (C.A.2 1983): 'Nor is there any doubt that consumers wanted the toy in part because they (or their children) identified the toy with the television series. This is sufficient, even though Warner is not a manufacturer of toy cars; it is sufficient though there was no showing that consumers believed that the toy cars marketed by Gay Toys were sponsored or authorized by Warner.'

Outside the Netherlands, some authors have proposed a general 'merchandising right' for all symbols that have been made popular through skill and labour. For example, Nimmer proposed a 'right of publicity' that protects symbols against misappropriation of their 'publicity value' in general. He defined this right as 'the right of each person to control and profit from the publicity values which he has created or purchased.'⁴³ In his view, this right not only protects publicity values in celebrities, but also in other objects:

'Moreover, since animals, inanimate objects and business and other institutions all may be endowed with publicity values, the human owners of these non-human entities should have a right of publicity (although no right of privacy) in such property, and this right should exist (unlike unfair competition) regardless of whether the defendant is in competition with the plaintiff, and regardless of whether he is passing off his own products as those of the plaintiff.'⁴⁴

Similarly, Mostert wishes to prevent the parasitic use of popular symbols. He proposes to extend the American right of publicity 'to protect the intellectual property interest in the commercial magnetism of popularity values vested in a trademark or *fictional character*.'⁴⁵ In his opinion the property interest in the commercial magnetism of popularity values vested in a fictional character represents an independent property interest.

However, in the Netherlands such a general 'merchandising right' does not exist. Although criticized by Cohen Jehoram, the Supreme Court repeated in several cases its position that from the principle of free trade and enterprise it follows that if there is no specific statutory rule to oppose it, profiting from another's achievement or the appeal of another person's product or service is not unlawful, not even if this harms that other person. The Supreme Court stated that the way in which or the circumstances under which this profiting occurs, may give it an unlawful character. This is the case if the use also infringes a copyright or design right or causes the public to be (directly or indirectly) confused or misled. However, under such circumstances, the unlawfulness does not follow from rules specifically aimed at protecting the goodwill in the plaintiff's symbol.

In the 1986 *Decca* decision, the Supreme Court added that if, on the basis of the general unfair competition tort clause, a protection is granted which does not essentially differ from protection by virtue of an absolute intellectual property right, it is in principle at least required that the performance that is being profited from is of such a nature as can be ranked with those that justify the adjudgement of an absolute

43 'The Right of Publicity', 19 *Law & Contemp. Prob.* 203, at 216 (1954).

44 *Ibid.*

45 Mostert, 'The Parasitic Use of the Commercial Magnetism of a Trademark on Non-Competing Goods', 11 *Eur. Intell. Prop. Rev.* 342, at 348 (1986). Cf. Steven H. Hartman, 'Subliminal Confusion: the Misappropriation of Advertising Value', 78 *Trademark Rep.* 506 (1988).

intellectual property right.⁴⁶ From the words 'at least' it can be inferred that additional circumstances are required for a protection on the basis of unfair competition law.⁴⁷

The reference to the quality of plaintiff's *performance* in the *Decca* case makes this case less suitable in the context of popular symbols with a goodwill existing in the mind of consumers. It seems to me that in this context, trademark law is the most relevant intellectual property right, but this law does not require the owner to perform any specific inventive or creative performance. The rules developed for the protection of indicia that identify human beings should not be applied analogously to other symbols, since the personality justification is not applicable. In my opinion, the leading case in this field is the 1970 *Ja Zuster, Nee Zuster* case.⁴⁸

In the *Ja Zuster, Nee Zuster* case, the Supreme Court did not consider that unlawful profiting from the performances of two performing artists had arisen from the use, for commercial purposes, of fictional characters which had become popular as a result of their performances in a television series. The issue in this case was the question whether defendant Lever's Zeep had committed a tort against plaintiffs, Blok and Jongewaard, by giving away free key rings with the sale of a detergent without their permission. These key rings contained little plastic figures of 'Zuster Klivia', 'Gerrit' and 'Opa', who owed their popularity to plaintiffs' performances in the television series 'Ja Zuster, Nee Zuster'. Lever's Zeep had obtained a copyright licence from Annie M.G. Schmidt, the author of the television series. The Court of Appeals had decided that the television performance, names and features of plaintiffs could not be traced in the three key ring figures. Therefore, this was not a case in which the portraits of the plaintiffs were used. The Supreme Court held that Lever's Zeep had not committed a tort against the performers because

'the circumstance that defendant also profits from the fact that the figures owe their popularity *inter alia* to the impersonation of plaintiffs does not mean that the defendant's conduct toward plaintiffs is unlawful, whereas the circumstance that the public (as a result of this performance) will associate the figures with plaintiffs does not prompt the conclusion that permission of plaintiffs is needed for the distribution of the figures'.

Thus, the Supreme Court ruled that a person who makes an object (such as a fictitious character) popular *cannot*, without any further conditions, on the basis of the general tort clause, oppose the misappropriation of this object by a third person. The fact that the public associated the key ring figures with their performers Blok and Jongewaard

46 Supreme Court, 27 June 1986, *NJ* 1987, 191 (vNH); *AA* 1988, at 257 (HCJ) (*Holland Nautic/Racal-Decca*). In his annotation, Cohen Jehoram stated that the Supreme Court did not apply Article 10bis(2) Paris Convention (act contrary to honest practices).

47 Cf. Van Nieuwenhoven Helbach in his annotation under Supreme Court, 27 June 1986, *NJ* 1987, 191 (*Holland Nautic/Decca*); Cohen Jehoram, annotation, *AA* 1988, at 257.

48 Supreme Court, 16 January 1970, *NJ* 1970, 220 (GJS); *AA* 1970, at 377 (HCJ) (*Ja Zuster, Nee Zuster*).

did not make the commercial use of the fictitious characters created by Annie M.G. Schmidt unlawful.

In his annotation⁴⁹, Cohen Jehoram criticized the Court's restricted interpretation of the term 'portrait'. However, in my opinion, a broader interpretation of this term should not have helped the two performers. The public did not identify the plaintiffs by the key ring figures, it only associated the three figures with their two performers. Two characters, GERRIT and OPA were performed by one plaintiff, Jongewaard. The characters could have been performed by other actors. This was not a case where the plaintiffs were identified by a fictional character in such a way that commercial exploitation of that character amounted to exploitation of that person itself.⁵⁰ Therefore, the rules as discussed *supra* under 4. do not apply.

It follows from this case that in principle, in the absence of any (in)direct confusion, the plaintiff will have a hard time in winning such a case. For example, a song which profits from the popularity of the popular television series 'Hallo mijnheer de Uil' by using the same melody and same first sentence is, in the absence of infringement of copyright, not unlawful.⁵¹ Exceptions to this rule may exist if the plaintiff's symbol has a reputation, and defendant's use seriously tarnishes or otherwise destroys this symbol. For example, the President of the Hague District Court held that the exploitation of a pornographic book centred around the popular characters Asterix, Obelix and Idefix was unlawful, notwithstanding the fact that there was no infringement of copyright. The President found that defendants not only profited from the popularity of the fictional characters, but also damaged their good reputation.⁵² Application of this rule means that the sale of copies of the above-mentioned orange 1969 Dodge toy car is not unlawful under Dutch law in the absence of (in)direct confusion.

Conclusion

The fact that the law protects the goodwill of different bearers, namely trademarks (with a reputation) and portraits and names of human beings, should not lead to the conclusion that all other goodwill bearers should receive the same protection. If human beings are involved, unique personality interests will play a role. Other symbols that cannot be protected under the principles of trademark law will, in principle, not receive any protection against misappropriation. The very few exceptions confirm this rule.

49 AA 1970, at 377.

50 Cf. District Court Amsterdam, 26 March 1981, *KG* 1981, 40; *BIE* 1983, No. 32, at 81 (*Max 'n Specs*).

51 Pres. District Court Amsterdam, 4 March 1969, *NJ* 1972, 319 (*Chanowski/Dureco*).

52 Pres. District Court The Hague, 12 January 1983, *KG* 1983, 50; *Auteursrecht/AMR* 1983, at 91 (*Asterix*).

Chapter IV

Information Law

Addresses in Cyberspace Have No Physical Place
Addresses, Telephone Numbers and Domain Names

Copyright and Freedom of Expression in the Swedish Constitution:
An Example for The Netherlands?

Information Law: From Concentric Circles Theory to Pimples Theory

Addresses in Cyberspace Have No Physical Place

Addresses, Telephone Numbers and Domain Names*

Egbert Dommering

The Real World

'Noms de Pays: le Pays'

This article is about addresses in cyberspace – numbers or domain names. It deals with the question of whether these addresses can be the subject of intellectual property rights; also the privacy issue, since there is a connection between privacy and ownership of an address. Closely related to the issue of granting property rights and addresses is the problem of distributing scarce resources. Anyone wishing to understand the law of cyberspace needs to rethink how it works in the 'real world', so let us start there.

PLACES

People live in houses and work in offices, and these homes and places of work are situated in three-dimensional space. We can see them. To enter, we have to open a door or gate. The people who live and work there can bolt the doors to show that they have an exclusive right to use the private or commercial space. Anyone wishing to go in must first ring the doorbell and say who he is. The residents or users own or rent the space. In the early days property rights were established by the people who first occupied the place and were able to defend it by putting up large fences around it. The government's role came later: the government organized the legal transaction system by creating procedures for establishing rights, defining those rights and enforcing them on its territory. Real estate is one of the earliest examples: title to a piece of property can only be established with the aid of a notary; the plot of land where it is situated is

* This article represents the author's ideas, with a few notes, but this is not to say that the author has not benefited greatly from other people's ideas. The article would not be complete without mentioning Anne Wells Branscomb, *Who Owns Information, From Privacy to Public Access* (New York: Basic Books 1994), particularly for the chapter 'Who owns your telephone number?'

officially surveyed and recorded in a public register. The government defined limited rights which were needed for the trade in property: mortgages are an early example. The establishment and transfer of title were surrounded by the same safeguards as the title itself.

Here, then, we see the government organizing the market in freely transferable property rights. This is mainly a procedural role to help maintain security under the law, but not entirely: establishing what the title consists of is a political matter. 'Property is theft', wrote the socialist Proudhon. At the end of the 19th century, when the liberal constitutional state, of which property rights are the cornerstone, took on permanent shape, the allocation and establishment of property rights became the subject of political conflict.

The government has another part to play in organizing the market in property rights, as the owner of public land. It can perform this role in various ways. First, it can decide to remain the owner of the land and put it to public use: this is the case, for example, with public roads and waterways. Another approach is for the government to keep control of the land by establishing quasi-ownership rights to it: in this way it can continue to enjoy the yield from land rents. Long lease of land is an example of this. Alternatively, the government can decide to hand out real property rights. It is then faced with the question of what allocation mechanism to use: should it auction the land to the highest bidder, or should it give precedence to social interests, *e.g.*, by selling the land to a housing association whose aim is to provide social housing? And there are other ways the land could be allocated, *e.g.*, by tender, or by sale on a 'first come, first served' basis.

Lastly, the government can use its power on its territory to place public law restrictions on the use of the land, by applying environmental and town and country planning regulations. It can lay down in a local plan where industry should be (and what kind) and where there should be housing. An owner who contravenes the regulations risks having to demolish a building used for a non-approved purpose. With the world filling up and land in increasingly short supply, this type of government intervention is becoming more and more important.

Broadly, then, the government can do three things with property: it can create the conditions for orderly legal transactions; it can act as the owner itself, or distribute the ownership; and it can make property rights subject to limitations on use and other restrictions. The government performs a similar role with other natural resources which can be 'places' (as opposed to *e.g.* energy sources which can be exploited, such as gas and oil). Here I am thinking of frequencies in the electromagnetic spectrum – an even more scarce resource than land. This is another area where the government is increasingly performing the role of an authority that allocates rights and defines the conditions of use. The questions that arise here are closely related to the subject of this article, but I shall not go into them here.

ADDRESSES

A place in three-dimensional space is not only a potential property right, it is also an address, 'the place where I can find someone'. In the rural society depicted in seventeenth-century Dutch art, an address is the name of a tavern, a country estate or a family. The local inhabitants knew where to find the 'White Horse' inn, the 'Two Towers' estate or the Claassen family (not the one that lives at the mill, but the one that lives where the road forks three ways near the bridge). An address was a mixture of topographical knowledge of the district, historical knowledge of the genealogy of the local families and visual observation of the landscape. It was a living place of flesh and blood in the memory of the local inhabitants. Addresses were thus given natural names that came from one or more of these three sources.

As society became urbanized, the government started taking a close interest in addresses. The scale of towns and the size of their populations caused the traditional sources of addresses to dry up. The government (the local authorities) took charge of street plans, giving the streets names taken from particular categories – initially from Dutch or European history. Thus we came to have districts where the streets were named after composers, artists and statesmen. These sources gradually dried up, as the number of composers, artists and statesmen is finite. We find new housing estates being located not only further away from the town centres but also from the centre of cultural and political history. They are amorphous groups of dwellings named after plants, birds, rocks or nothing at all: insipid fabrications by municipal bureaucrats. The name of a European street connects it with an area of history and/or culture (and names are often changed when there is a shift of political power). We find places in an urban street by using a number. Thus the average European address consists of the name of a country, the name of a town or city, a street name and a number: it is history plus arithmetic. Later the postcode was added, a logical addition by the Post Office to simplify the sorting of letters. In the United States the government framed things in a more mathematical fashion right from the start: there an address consists of a house number, a street number and a spatial coordinate (east, west, north or south). The system is not entirely consistent: even a mathematically designed city such as New York has its historical topography in Lexington Avenue. Still, the basic principle is mathematical; history is, at the most, correction.

Has anyone ever argued that citizens should be able to derive claims from the addresses they live at? I don't think so. The prospective residents may have some say in choosing the category of names for a new housing estate; sometimes allowance is made for residents' superstitions by skipping the number thirteen when numbering the houses. The government imposes an address on us, just as it lays down that we must fit a standard letterbox to the house or at the entrance to the property. It is a fact of life that we have to go to the trouble of sending out change-of-address cards when we move. Addressing is left to the organizing hand of the local authority, postcode allocation to the Post Office (which still has a monopoly in the area of mail). Addresses

have thus not led to a government-organized system of property rights. The government allocates the few street names available among the citizens with historical sovereignty.

NAMES: ADDRESSES AND PRIVACY

Just as the title to, or right to use, a place of residence is a private matter, so is the address associated with that right. I can keep my address secret if I want to. I hand out visiting cards showing my private address to the people I choose. Since the time of Napoleon the local authority has kept a public register of the addresses of all citizens. It has a passive role here, since it is the citizens who are required to notify births, deaths, changes of address and marital status. The government imposes a duty of notification and a duty of truthfulness on its citizens: failure to notify and false notification are punishable. Never has it gone so far, however, as to supply citizens with, for example, a list of addresses of all the residents in a municipality (with their occupations or businesses). It has been left up to citizens to decide whether they wish to make themselves known (*see below*). The property rights inherent in an address, then, are mainly a matter of confidentiality: anyone (including the government) who wants to know anything about these rights is a spy.

This changed with the invention of the telephone. It is in the telephone companies' interests to let everyone know who can be contacted via their networks. Governments saw this as a form of universal service, often making it obligatory to provide a directory accessible to all as part of the service. As telephone companies deal in telephone numbers, one wonders why the directories also show the street addresses. Was this necessary to make it easier to find the numbers? I doubt it. The telephone directory has been a marketing tool right from the start. Rather than the telephone companies paying their customers a fee for listing them, in some cases a person not wishing to be listed has to pay the telephone company for the privilege. The directories (like the populations represented by postcodes) are thus fair game for the marketers of products and services. This eventually leads to the trade in addresses. The trade of addresses requires a different kind of government intervention. Here the property rights rest with the companies that compile the address databases. The government has to draw up privacy legislation to protect the occupants of those addresses against the greed of the address dealers. Anyone *using an address who is not the occupant of that address* is, in principle, infringing that person's privacy. The government has to lay down the constraints within which such infringement is permitted. In our era this is being done in increasingly detailed privacy legislation.

NAMES: ADDRESSES AND TRADE NAMES

A person running a company wants a name to make himself known by in commerce. The pub on the corner near my house, which calls itself Café Loetje, thus makes itself known to everyone in Amsterdam, hoping thereby to gain a special place in the hearts of pub-goers. Although not as famous as Harry's Bar in Venice, it is a typical Amsterdam hang-out where people come to enjoy a convivial atmosphere, charming service, the 'talk of the town' and juicy steaks. A pub's trade name is associated with its location. As an indication of place, a trade name is the opposite of a secret address; it is a public indication of the business's location. Trade names betray their historical links with places and addresses in two ways. Trade name law usually only protects the *local name*: in the Netherlands Section 5 of the Trade Names Act, for instance, lays down that it is not permitted to use another trader's trade name (or one that is only slightly different) 'insofar as this could give rise to confusion among the public between the enterprises on account of their nature and location'. So there cannot be two Café Loetjes in Amsterdam, but another Café Loetje in Rotterdam probably would be possible. There is often also a link with names and addresses in that many trade names contain family names.

Trade names are seen as industrial property rights. The government has a passive role in the establishment of these rights. Trade names come about 'by nature' because they are used in business dealings. A conflict between two similar trade names is settled on the 'first come, first served' principle: the oldest one (the one used first) wins. In this way the government has, of course, formulated an implicit rule of allocation: you cannot acquire the right to a trade name unless you are first. The government does not play any particular role in the allocation of the available names, nor could it reasonably claim that the national language is a natural resource (like radio frequencies) and lay down the conditions for its use. The government's role with respect to exchange of information is rather one of abstention, governed by the principle of free flow of information. Its job is to ensure that the principle is upheld. We can see this, in the case of trade name law, from the rules that protect the limits of the public domain. A trade name that is too descriptive is in danger of establishing a monopoly on a label we use to refer to reality and is consequently not permitted. In the Café Loetje example, the word 'café' cannot be protected as part of the name.

Trade names provide information for transactions and potential transactions. In a market economy the government has a policing function, that of ensuring that transactions take place on the basis of correct information,¹ which is why it lays down rules of conflict to prevent consumers being supplied with incorrect information. Rules of this kind are formulated in trade name law: the main constraint is that a name cannot be used if it could cause confusion. The government also considers it important in the

¹ For an analysis of the rationale of information regulation see Anthony I. Ogus, *Regulation, Legal Form and Economic Theory* (Oxford: Clarendon Press 1994), Chap. 7 'Information Regulation'.

interests of legal transactions that companies be registered in a public register of commercial enterprises: failing to register is an economic offence.

TRADEMARKS: FROM NAMES AND PLACES TO SPATIAL SIGNS

The trademark abandons the link with place and address. This tendency began with the trade names of multinationals with large numbers of branches throughout the country, but the trademark breaks away entirely from the business as a physical entity and becomes a distinguishing mark for goods and services traded commercially. It need not coincide with the name of the business, nor is it limited to words. Article 15 of the TRIPs Convention defines a trademark as 'Any sign, capable of distinguishing the goods or services of one undertaking from those of another undertaking'.² The goods are still visible, but not tied to a particular place; they circulate among many territories. But the sign still has a physical place: it is found on the packaging of the goods. This is a mobile location. The service leads a virtual life and the trademark serves to make that virtuality visible in physical space. The service is everywhere at the same time.

In most of the countries of the world the government is more active in the creation of rights to trademarks. A trademark has to be registered in a public register. The role of the authority that keeps the registers is essentially passive: registration of a distinguishing mark confers rights. A trademark can, however, be nullified on application by an interested party. Leaving aside national variations, the grounds for demanding nullification are broadly: the mark is unsatisfactory because it lacks distinguishing features; a similar mark has already been registered; it is incompatible with public policy or morality; the registration was in bad faith. A registered trademark can also lose its validity after a while if it has not actually been used or it has fallen into the public domain by becoming a generic name. From the point of view of the analysis here, the government attaches the 'first come, first served' rule to a formality and incorporates some restrictions. The formality of registration serves the security of legal transactions; the registers are familiar from the land registry system. The restrictions are to protect public interests (public policy, combating bad faith) and staking out the public domain (distinctiveness, degeneration into generic name). The requirement that a trademark must actually be used within a certain period can be seen as a sub-rule designed to allocate scarce resources: it prevents too many of the finite stock of distinguishing marks being kept out of use merely by registering them. The government brings some organization into the business of registration by classifying

2 This is not confined to images (which can also be three-dimensional): auditory, olfactory and tactile signs are also conceivable. In fact, a combination of senses are always involved. Cf. the classic trinity in the test of whether a word or trademark corresponds to the sign used by another party: there must be auditory, visual or conceptual similarity between the trademark and the sign to the extent that it causes confusion.

goods and services broadly in line with the various markets on which the goods and services are offered. The government also polices information traffic in a similar way to trade names. An extremely refined system of rules has been developed to combat the use of similar trademarks. There is an interesting addition, moreover, to the rule about confusing trademarks, designed to prevent conflict between trademarks and trade names: here again, the age rule applies – an older trade name has precedence over a newer trademark and vice versa. The system of trademark registration is organized on a national basis, but approximately 50 countries of the world adopted a system of international registration of trademarks. Since 1997 the European Union has a Union trade mark. The international system is not perfect but it works.

CONCLUSIONS

We see that the government performs a function in apportioning physical space and organizing what I call the ‘information order’ of the use of space and the exchange of goods and services in the market. Various laws and principles are involved here, as shown in the following three-tier model:

<i>Role of Government</i>	
Names	Formulating conditions for the acquisition of title. Ensuring security under the law. Organizing the exchange of information in the market. Safeguarding the free flow of information.
Addresses	Logical organization of places. Registers of addresses
Places	Allocation of scarce resources. Definition of user rights. Ensuring the security of legal transactions.

Cyberspace

‘Noms de Pays: le Nom’

In one of the early volumes of *A la Recherche du Temps perdu*, Marcel Proust describes the still young and sensitive principal character, for whom the name ‘Venice’ evokes visionary dreams of a city he has never been to. This virtual reality of ‘le Nom’ is in some ways more real than ‘le Pays’ when he actually visits Venice later on in the novel. Cyberspace is like this, a reality without a place – or is it? No, we do not live in a spirit world. The location of cyberspace is a computer, and our address in cyberspace is a unique place (a field) in a computer’s memory. Our address in cyberspace is a number which is accessed using a peripheral device (a computer or telephone). But as a

physical place it has no social significance. It is of no interest to us where the Internet provider's host computer that provides us with e-mail services, or the telephone exchange of the telecom operator from which we buy our telephone services, is located. The address is a place determined mathematically, a number based on the logic of the system it forms a part of. This makes it a combination of universal and unique elements, a fusion of the unique address and non-unique postcode familiar to us from the real world. This also makes it complex, however. The numbers required to identify an address in cyberspace are long – inhumanly long – and this is true of both the telephone and the Internet. This is why people want to overlay cyberspace with signs and symbols they are familiar with from the old-fashioned world of people. This is what gives an address in cyberspace a surface-level structure and an underlying structure. The latter is there for the machines that are able to locate one another via telecommunications links using incomprehensibly long series of bits. The surface-level structure is for people: the incomprehensibly long series of bits are represented by easily remembered numbers (short, or without much variation) or names. Compared with addresses in the real world, a cyberspace address has been reduced to a name without a place, but also (as we can see from the World Wide Web) to a picture, an icon on the screen of a PC that we can click on and gain access to all the addresses, products and services associated with it. Place, address, name and trademark now coincide. This makes it more difficult to apply the three-tier model in the first part of this article to cyberspace. The telephone has developed differently from the Internet. Let's look at telephone numbers first.

THE TELEPHONE: ADDRESSES AND PRIVACY³

Governments all over the world have left the development of the telephone infrastructure to *de jure* or *de facto* monopolies, which, through their national governments in the International Telecommunications Union, have arrived at international standards that determine the organization of the infrastructure and the logic of the individual addresses we are allocated in that infrastructure if we become subscribers. Broadly, the telephone infrastructure is organized on the basis of a geographical hierarchy. A call is routed via a local telephone exchange that contains our digital address to 'higher' national exchanges which can in turn serve as gateways to exchanges in other countries. A telephone number thus has a tree structure which enables an exchange to 'recognize' where the call has to go: the first part of the series of digits represents national and international access codes, the second the address of the locality, and the last the unique address. It was left to the national telecom operators to allocate the 'addresses': in practice, these were allocated within a selected logical structure on a

3 For this analysis I used a paper by Ted Clarkson, Hans Fischer, Ronald Hes and Jan Smits which is to be published in book form, along with other papers on telephone numbers and domain names, as part of the Dutch *Informatietechnologie en Recht* (ITeR) [Information Technology and Law] research programme.

'first come, first served' basis. Number shortages kept occurring because of the historical structure of the switched network and the absence of a proper allocation system. These were overcome by extensive renumbering operations, first by adding new digits to the number after the access codes, then by changing the national access codes.

At this stage numbers were generally considered to be a private affair: a system of 'ex-directory' numbers, which are left out of the directory at the subscriber's request, was introduced. When businesses wanted memorable numbers to make their services more easily accessible by telephone the national operators applied a '*divide et impera*' principle to their allocation. With the technical improvements made to telephones consumers were able to program the telephone numbers they used most often using preset buttons, making these 'addresses' easier to find.⁴

THE TELEPHONE: SERVICES AND DISTINGUISHING SIGNS

Many developments have caused the problem of allocating telephone numbers and the question of whether user rights can be assigned to numbers to become pressing issues:

- a. With telecom operators allowed to compete, the government is having to take the job of allocating numbers out of the hands of the national telecom operator. The government will draw up numbering plans that will lay down a transparent policy on how the limited number of addresses is to be apportioned and the nature of the user rights – thus replacing the national operator's '*divide et impera*' policy.
- b. The increase in the number of telecom operators is causing an increase in the demand for numbers and also affects the way they are put together, as a new access code needs to be added for each new operator ('carrier selection').
- c. The fixed address structure has become obsolete as a result of the development of telephone exchanges controlled by data banks. Soon, unlike an address in the real world, a telephone address will be a unique, portable number: it will be an address – linked to a person rather than a place – which we shall carry around with us all our lives.⁵
- d. The development of the service sector via telecommunications channels is causing an increase in the demand for commercial numbers. This is reflected in

4 I do not in fact intend to discuss frequencies here, but I should just like to take a moment to consider the use of radio and TV frequencies. The addresses of these frequencies (the wavelengths and wavebands) are difficult for consumers to find, and there is no easy way of changing this. This is why the networks do everything they can to influence consumers in their use of the pre-set buttons on the radio or television set, often by promoting themselves as 'Channel 1' or 'Channel 3'. Here the addressing and trademark functions coincide. In the Netherlands this has resulted *e.g.*, in a dispute on whether the figure 7 could be monopolized in the name of the Euro 7 channel. The court ruled it could not: Amsterdam Court of Appeal 24 October 1996, *Mediaforum* 1996-11/12, B145-B147.

5 This development, along with others (*e.g.*, 'caller identification': when I ring someone up my name automatically appears on a display on their phone), has serious repercussions for the privacy of this type of address: I shall not consider these here.

a growing demand not only for memorable numbers (referred to as 'vanity numbers' in the United States) among orthodox numbers but also, above all, for 800 and 900 numbers, specially designed as access codes for commercial (and other) services.

- e. The ITU has developed a standard for keyboards of telephones in which a group of letters is assigned to each digit, so that numbers become names: names are easier to remember than numbers. SHELL, for instance, will be 74355. The system is not entirely consistent, as each digit will represent three letters except the '7' and '9', which will each represent four. Thus the same combination of digits can stand for different combinations of letters.

The rapidity of these developments makes it necessary for the government to answer certain fundamental questions all at the same time. I shall set these out here, returning to them after discussing domain names on the Internet (where there are similar but even more complex problems).

The first group of questions: The government is not allocating land or natural resources, *e.g.*, frequencies, but the 'mathematical space' of the numbers available in the numbering plan, taking the technological and historical constraints into account. In the diagram above we are on the 'address' level. What justification does the government have for doing this? In the case of public space and natural resources it is the 'place' over which it is able to exercise control by virtue of national sovereignty. But is not the government's relationship to mathematical space the same as its relationship to natural language, as in trade name and trademark law? Is not mathematical space part of 'information order', where free flow of information is the general principle? The answer to this question determines what allocation mechanisms the government is permitted to use.

The second group of questions: Greater freedom makes the compilation of numbers more and more complicated. There is an increase in the demand for simple 'surface' distinguishing marks and thus for rights to number combinations that can serve this function (numbers that represent letter combinations). Whereas with the first group of questions we see the allocation issue shifting from the 'physical place' level to the logical 'address' level, here we see the address shifting to the social 'name' level. If the government can attach rights to such numbers, what kind of rights? What rules should apply to the establishment of rights and conflicting rights? Or should the government adopt the position that addresses are a matter for the State, excluding private use (essentially the position it takes on addresses in the real world). It would then prevent telephone numbers from being able to shift from the 'address' level to the social 'name' level.

The third group of questions: What conditions can the government impose on the use of numbers? This touches on the scarcity issue (*e.g.*, forfeiture of rights if numbers are not used); also the policing function, in cases where use could give rise to

confusion, and possibly public law aspects of public policy and morality. Similar legitimacy issues could arise here as with the first group of questions.

The fourth group of questions: What kind of rights do portable numbers create? Can an individual user apply for a change of name (a personal number that corresponds to the person's name) just as in the real world? What effect would a change of this kind have on third parties? What would it mean for business users switching from one telecom operator to another? Should the government coordinate policy on the issue of 'vanity numbers', and if so, how? Are numbers transferable?

The fifth group of questions: What is the relationship between 'telephone' distinguishing marks and the existing distinguishing marks (trademarks and trade names) in the real world? Should similar rules of conflict be introduced to those already in existence for trade names and trademarks?

The sixth group of questions: Which authority should be responsible for numbering policy? To put it another way, can this policy still be applied nationally?⁶ If we abandon geographical links and assign numbers to persons, we are essentially talking about a global problem.

THE INTERNET: NUMBERS HAVE BEEN NAMES RIGHT FROM THE START

This is not the place to describe the history of the Internet. Briefly it came about as follows. In the Sixties, during the cold war, the United States' Department of Defense was looking for a communications network that could not be destroyed in the first nuclear attack. It had to be a system that would still work even if parts of it were rendered inoperable. A 'network of networks' was developed which linked local computer networks and individual computers to one another using packet switching.⁷ Essential to the success of the plan was the development of a joint communication protocol, which became the Internet Protocol (TCP-IP) – a kind of Esperanto for computers equipped with the right software. In the Eighties the Defense network grew into a truly international Electronic Highway via the universities. During the last five years it has caught on with the public at large. The exponential growth it experienced during that period – and is still experiencing – is one of the miracles of social technology that this century has brought forth at the threshold of the year 2000. The successful HTML (Hyperlink) language of the World Wide Web gradually took over communication on the Internet. This language not only allows text and pictures to be transmitted but also to create hyperlinks with other addresses on the Web in transmitted

6 See the *Green Paper on a Numbering Policy for Telecommunications Services in Europe*, EC Commission, 1996.

7 Packet switching is where the information being sent is split up into packets of data which can be transmitted via different routes and nodes to the destination computer, which reconstitutes the original message. Unlike line switching in telephony (where a unique connection is set up for each call), packet switching does not involve vulnerable exchanges that can bring the whole system down if they go wrong.

files, where – according to the author of the Web page – you can find information relevant to the file. Hyperlinks are inserted in the form of ‘hypertext’ (text in a different colour or an icon or picture that reacts to a mouse click). If you click on a hypertext you are immediately switched through to the address it represents. Hopping from one hypertext to another is known as ‘surfing’ the Web – not unlike the narrative structure of the Decameron, where the first story leads to a second, the second to a third, and so on.

Our ‘home’ on the Internet is on the computer (the host computer) of our service provider, who allows us to open a digital mailbox and keep a Web page. We connect to this computer via the telephone network: the user’s computer calls in to the host. The address of our ‘home’ – in addition to the host’s telephone number – is an IP number consisting of a number of digits by which the networks incorporating the computer can be addressed, and a number of digits representing the host computer. There can be as many as twelve digits in the address – far too many to use in human communications. This is why the surface-level structure and underlying structure of the address were separated right from the start. Where names are a novelty in telephone addresses, on the Internet they are the norm. Nearly no-one knows his IP number or the host’s telephone number: they have disappeared into the dialogue window of the PC’s communications software. We know the names of our e-mail address and the domains we correspond with regularly.

The domain name system (DNS) is the system by which IP numbers are translated into user-friendly names. This again is a tree structure, but upside down compared with a telephone number: the individual address (company name or person’s name) is at the beginning, followed by the ‘@’ symbol, then the name of the organization to which the individual name belongs. The last part is the ‘top-level domain name’: these can be names of international sectors or geographical names. Sector names are a little like the service categories in trademark law: ‘.int’ stands for international treaty organizations, ‘.com’ for commercial organizations and ‘.edu’ for educational institutions, and there are others. These, then, are worldwide. The geographical names indicate the national networks to which the hosts are connected. These need no explanation: ‘.nl’, ‘.uk’, ‘.us’ etc. are purely national. The names of the organizations are referred to as second-level domain names, *e.g.*, ‘.uva’ for ‘Universiteit van Amsterdam’. Top-level and second-level domain names are obligatory in the tree structure; third-level and lower names can be added to make the address more specific.

In the DNS as it works at present, if a second-level domain name is used in the international top domain it is difficult to use that name in the geographical top domain: philips.com cannot exist alongside philips.nl. This creates a serious scarcity problem, since the ‘service categories’ in the international top domain are too broad. There have been calls, therefore, to split up the ‘.com’ domain (which covers all the commercial organizations in the world!) into sub-domains or to add new top-level domains. This is not the only problem, however, as I shall briefly discuss in the next section.

THE INTERNET WITHOUT GOVERNMENT⁸

While the Internet may have been instigated by the American government, it was set up by non-government organizations. The fact that the initiative was in the US has meant that the organization of the Internet is dominated by American organizations. The management and development of the technology is in the hands of three groups, partly subsidized by the American government, partly an initiative of the *Internet Society* (ISOC), a group of academics from various universities. An important 'authority' is the *Internet Assigned Numbers Authority* (IANA), which consists of academics who were involved in the setting-up of the Internet at the very beginning. It takes decisions on the organization of the IP numbering plan and the top-level domain name structure. The IANA derives its authority from an agreement with the ISOC and the American Federal Network Council. The effective allocation of second-level domain names in the international top-level domain is delegated to the *Internet Information Center* (InterNIC), which thus functions as a kind of international trademark agency. The allocation of second-level names in the national top-level domain is delegated to national Internet associations or foundations.

The entire organization is a private law affair finding its basis in contracts between the US government and institutions. Unlike the telephone network, it did not involve the national telecom operators or the ITU. There is no public law basis at national or European level (again unlike the telephone network) that would authorize the government to intervene in the allocation of scarce resources and assignment of rights. The users of the Internet describe it as a community that lays down its own rules on communication. If we look at the institutional organization of the Internet, we again find that it has developed a 'sovereignty' all of its own. This is becoming problematic, however, as the Internet becomes increasingly public and more and more problems of allocation and legal conflicts are occurring.

THE INTERNET: ADDRESSES AND PRIVACY

There is no clearly-defined Internet directory: after all, there was no authority to lay down that one had to be published as part of the universal service. It could thus be said that Internet addresses are just as private as addresses in the real world. The opportunities for monitoring individuals' behaviour are increasing enormously, on the other hand: this is a development that parallels the ongoing computerization of telephony. We are increasingly communicating via computers, which retain far more information on our communications than ever before. 'Data mining', the ability to establish user

8 In the Dutch literature there is a good analysis of the private organizations involved in the Internet in Robert Shaw, 'Internet domeinnamen: wie is verantwoordelijk?' [Internet domain names: who is responsible?], in: *Informatie en Informatiebeleid (I&I)*, Winter 1996, No. 4, pp. 67-77.

profiles by cross-linking all sorts of recorded data, which began with the introduction of postcodes in the real world, is beginning to take on disquieting forms.

THE INTERNET: SERVICES AND DISTINGUISHING MARKS

In the case of the telephone we used to be able to distinguish the address layer from the name layer; as we have seen, there is a shift from addresses to names taking place there. In the case of the Internet the address layer is linked directly to the name layer. The addresses (the numbers) have become invisible – along with the places. The questions this raises are similar to those I listed there. The last group, viz. what role the government should play, is the most pressing issue in view of the particular development of the Internet. Should international and national authorities take on the allocation issue and the definition of rights, and if so, how? Or should they accept the private law structure as a *fait accompli* and merely take corrective action (after the event)? Is it acceptable for an American private organization to hand out names and addresses in international cyberspace because of its historical position of power? This is, however, what the US government proposed in January 1998.⁹

Final Analysis

Lawyers studying intellectual property have discovered the Internet. Dozens of articles have been published on domain names in relation to trademark and trade name law over the last two years. The *Association Internationale pour la protection de la propriété industrielle* (AIPPI) devoted part of its 1998 annual meeting to this topic. The problem is being approached almost exclusively from the point of view of trademark and trade name law; the fact that the 'name' problem conceals a problem of distribution of scarce resources and address allocation is ignored. Lawyers are failing to make the connection between this and similar issues relating to telephone numbers. The national delegations to the AIPPI take it for granted that trademark and trade name law can be extended to Internet names without too much difficulty.¹⁰

Let me return to the questions set out above. Telephone numbers and domain names are addresses first and foremost. Let us look at telephone numbers first.

The creation of telephone addresses has taken place within the sphere of influence of national governments and has been constrained by a historically-determined available mathematical space. The increase in demand makes it essential to plan the creation and issue of addresses. Thus the role the government has to perform in relation to

9 'A Proposal to improve technical management of Internet names and addresses', discussion draft 30/1/98 (<http://www.ntia.doc.gov/domainname/dnsdrft.htm>).

10 As far as I can tell, only the Belgian delegation raised fundamental objections: *AIPPI Yearbook 1998/VI* (Zurich: AIPPI 1998), pp. 50–51.

numbers is similar to its role in relation to land. Whereas in the case of land, addresses followed places, here it is the other way round: no number, no place. The government's job is to minimize the shortage, which means limiting the issue of numbers on the basis of actual use or scheduled demand in the case of large-scale users. This is also a reason for allowing user rights to lapse if numbers are not used. The government's justification for acting is the need to organize communications. This need not prevent it taking account of personal preferences when issuing numbers. It has been argued that, with the increase in demand for 'vanity numbers', these should be sold to the highest bidder. There is little justification for this in my opinion. The government does not own all the available numbers in a numbering plan; numbers are part and parcel of the free flow of information. It would be more appropriate to apply the 'first come, first served' principle or allocate these numbers by lot. This raises the question of whether the government should make numbers transferable, thus permitting a secondary market in vanity numbers to spring up. I see nothing against this. Such trading would have to be made subject to restrictions because of the numbers' address function and the need to maintain some kind of order in addresses. We have seen that the address function of numbers is evolving in the direction of names. Numbers that represent commercial names are the most similar to trade names. It is conceivable that the government could assign 'name-numbers' to those able to demonstrate a need for an address of this kind. This would require a correction to the 'blind' 'first come, first served' and lot allocation systems. In a number allocation plan that creates rights the government has a policing function: it has to maintain the quality of information order. It could therefore take the same sort of measures as with the public registers of names. The result would be a mixture of rules designed to ensure that the address list does not contain false information and decision-making rules to deal with conflicting claims in cyberspace and between cyberspace and the real world (as between trade names and trademarks). The government could consider criminal sanctions to deal with false declarations (as in the case of the Register of Births, Marriages and Deaths and the Commercial Register) but leave it up to the parties to settle conflicting claims. In this case it would have to make provision (by analogy with trademark law) for cancelling a number allocation. The introduction of portable personal numbers promotes competition. The combination of portable numbers with vanity claims and trade names would probably call for a highly complicated allocation system, but is not entirely out of the question.

A similar approach could be taken to domain names on the Internet. The main complication here is in the international top-level domain, over which the US government or private organizations deriving from it have a say. The question is whether this registration system should be continued. Even if the 'service categories' are refined, the scarcity problem at global level remains intractable. In the real world addressing system it is not without reason that we have always traced the domain back to a national one: country-town-street. Restricting the top-level domain to countries would simplify the organization of the legal order required considerably. At national level the government could take on the assignment of domain names as it now does in the case

of telephone numbers: a system similar to that outlined above for telephone numbers could be set up. As the domain name system has shifted towards the information order of names it has come to resemble a trademark registration system even more. An international registration system could be constructed on the basis of the national system – again by analogy with trademark law. This will give rise to conflict as long as InterNIC in the US or its successor in title designated by the US government think it has the right to dole out the addresses, but I believe that government regulation at national level could be the first step towards channelling the social consequences of the Internet's '*Fröhliche Wissenschaft*'. The next step would be the creation of a supra-national organization that has the confidence of the US, of the EU and of the ITU, all three obvious candidates to negotiate the terms of such an organization.¹¹

I conclude that statutory regulation of cyberspace addresses (telephone numbers and domain names) is unavoidable. Current practice, with fortune hunters grabbing domain names that could be worth money ('name robbing'), satisfactorily demonstrates this.¹² Another argument in favour of such regulation is that it would enable the relationship between the social surface-level structure and the mathematical underlying structure (a challenging but also frightening feature of the information society) to be further shaped. This would also mean *e.g.*, formulating a new or more refined criterion for misrepresentation and confusion, since it is possible in cyberspace to put a bomb under the surface of the visible symbol: the hyperlink in the text says we are going to visit company A's site, but in reality we are routed to competitor B. The government also needs to consider whether it should introduce 'service categories' to give the public some idea of the kind of service offered under the digital symbol. In the case of 800 and 900 numbers the Dutch government has already done this by designating a certain series of 900 numbers for sex lines: this could also be done with compulsory second-level domain names.

Other matters could be regulated in a law of this kind: a cyberspace address law would deal with aspects of telecommunications order, information order, address registration, privacy and intellectual property. This is what we at the Amsterdam Institute of Information Law, co-founded by Herman Cohen Jehoram, have been referring to for over ten years now as Information Law!

11 Which will not be easy to form. See the European Commission's critical reply of 16 March 1998 to the draft mentioned in note 10.

12 In the meantime application of general tort law solutions by courts can be helpful.

Copyright and Freedom of Expression in the Swedish Constitution: An Example for The Netherlands?

Jan M. de Meij

Introduction

Until some twenty years ago, Dutch experts in the field of copyright and specialists in the field of freedom of the press and other media met only rarely in scholarly discussions, as they had mainly conflicting interests. It is one of Herman Cohen Jehoram's many merits that he brought about more regular contact between these groups of law experts. He accomplished this by developing several activities. Firstly, he founded a journal which contained articles on copyright as well as on media law and information law in a broad sense. Secondly, he established the Institute of Information Law, uniting scholars from both sides at the University of Amsterdam. Thirdly, he discussed in his publications freedom of expression and information as a common ground for this whole field of law.

It was Cohen Jehoram's idea that freedom of expression and copyright might be seen as concentric circles. This opinion was challenged by some writers in this field, but there is a general acceptance of the idea that copyright and freedom of expression not only put restrictions on each other, but also provide mutual support. One of the reasons for the difference of opinion about the mutual relations between copyright and freedom of expression is that the former is mostly seen as a part of private law, while the latter is considered a part of public law, being a fundamental human right. However, Article 27 of the Universal Declaration of Human Rights and Article 15 of the United Nations Convention on Economic, Social and Cultural Rights consider copyright to be a human right. On the occasion of the complete revision of the Dutch Constitution in 1983, the article on freedom of the press was amended to include protection of other media as well, but there was no suggestion of completing the new chapter on human rights with a clause on copyright.

In 1976, Sweden modernized the concept of freedom of expression and accepted in its constitution copyright as a human right. In my contribution to this *liber amicorum* in honour of Herman Cohen Jehoram, I will try to give a brief description of the Swedish constitutional situation in this field, and explore how a conflict between a provision in the field of copyright and freedom of expression will be solved on the basis of the Swedish constitution. Do the Swedish texts offer a useful example for a

further extension of the Dutch article on freedom of expression and for the introduction in the constitution of copyright as a human right?

Constitutional Background in Sweden

The way in which freedom of expression is protected in the Swedish constitution is quite different from constitutional provisions in this field in other countries. Sweden was the first country in the world to protect freedom of the press in a written constitution. The Freedom of the Press Act of 1766, which not only forbids censorship but introduces a right of access to public documents, was a fundamental law. Updated in 1949, the later Freedom of the Press Act is not, however, the only constitutional document in this field. In the new Instrument of Government (*Regeringsformen*) of 1974, which replaced that of 1809, the second chapter gives a long list of rights and freedoms, completed in 1976, 1979 and 1994 with several new rights including elements of freedom of expression. In 1976 a provision on copyright was included in this chapter as well. Before considering these rights, a third fundamental law¹ important in this field should be mentioned. After the new *Regeringsform* had been completed and the human rights chapter had been extended, several committees tried to widen the scope of the Freedom of the Press Act in order to give the modern electronic media the extra protection of this act. As special restrictions on some of these media were deemed necessary (e.g. censorship of films that are to be shown publicly) and out of fear of 'contamination' of the protection offered to the printed media, finally a second special fundamental law in this field was drafted for the modern electronic media. This law was adopted in 1991 and came into force at the beginning of 1992. The law was called the Fundamental Law on Freedom of Expression (*Yttrandefrihetsgrundlagen*). Although it only protects the following media: radio, television, films, videos, sound recordings and videotext, a more convenient title for this law could not be found. Other media, such as theatre, concerts and art exhibitions, are protected by the clauses on freedom of expression in the Instrument of Government. Both fundamental laws mentioned have a status of *lex specialis*. However, if restrictions are to be put on the right to express oneself in the printed or electronic media, these restrictions must be justified under the Acts, as well as under the general restriction clauses to be found in Chapter 2 of the Instrument of Government. It is a very detailed and rather complicated system of protection of freedom of expression and information, but in some ways it

1 Sweden nowadays has four fundamental laws: the Instrument of Government (*Regeringsformen*) of 1974 with constitutional provisions of a general character; the Succession Act of 1810; the Freedom of the Press Act of 1949 (*Tryckfrihetsförordningen*); and the Freedom of Expression Act of 1991 (*Yttrandefrihetsgrundlagen*). Any of these fundamental laws may be amended by a simple majority in two sessions of the unicameral *Riksdag* with general elections between them. One third of the members can demand that a referendum be held simultaneously with the elections and in substitution for the second decision of the *Riksdag*.

gives more protection than is found in the guarantees of these freedoms in other constitutional systems.

After a short survey of the protection of freedom of expression in both the Instrument of Government and the two special fundamental laws, a description of the clause on copyright as a human right will follow. Finally the conditions for restrictions on freedom of expression will be considered.

Elements of Protection of Freedom of Expression in Sweden

IN THE INSTRUMENT OF GOVERNMENT

The Swedish Instrument of Government opens the second chapter on human rights with a definition of freedom of expression in its widest sense: 'The freedom to communicate information and to express ideas, opinions and emotions, whether orally, in writing, in pictorial representations, or in any other way'. After this broad definition, the article guarantees what is called freedom of information: 'The freedom to obtain and receive information and otherwise acquaint oneself with the utterances of others'. In United Nations documents the term freedom of information is used in a much broader sense, namely as an equivalent for the combination of the two freedoms mentioned above. In the United States, on the other hand, freedom of information merely means free access to government information. In Sweden this freedom has not only the meaning of the German term *Informationsfreiheit* (the right of the public to receive information from the mass media), but also the right to actively gather information from all possible sources, including access to government documents, as regulated in Chapter 2 of the Freedom of the Press Act.

As a part of freedom of expression in its broadest sense the Swedish Constitution also guarantees freedom of demonstration (freedom to organize or take part in any demonstration in a public place) and freedom of assembly, as this second freedom protects not only meetings for discussion but also all kinds of performances, e.g., plays, concerts and exhibitions. An interesting fact is that this human rights chapter not only protects the so-called positive freedoms of opinion, but also their 'negative' counterparts, i.e., the freedom from coercion to divulge an opinion on any political, religious, cultural or such like question and from compulsory participation in any meeting, demonstration or association.

The restrictions on all these partly interrelated freedoms are not mentioned with every single freedom, as for instance, in the European Convention on Human Rights. In the human rights chapter of the Instrument of Government, special articles sum up permitted restrictions on groups of rights, a subject described later.

IN THE FREEDOM OF THE PRESS ACT (FPA) AND THE FUNDAMENTAL LAW ON FREEDOM OF EXPRESSION (FLE)

For publications in print and for most of the electronic media the two special fundamental laws mentioned earlier give a more detailed protection than the broad terms of the rights in Chapter 2 of the Instrument of Government. Here only a short survey of the most characteristic elements in these two acts is given. Both acts start with a ban on censorship and other preventive restrictions, which vary depending on the media involved. There then follows a system of individual criminal responsibility which makes only one person criminally responsible for the media in question. In this way all other persons participating in the publication of a newspaper, a television programme or a film do not have to worry about possible judicial consequences and have the right to be anonymous. The offences applicable to press publications respectively to the communications protected by the Fundamental Law on Freedom of Expression are completely regulated in these Acts, in which is also found a special criminal procedure for these offences, introducing a jury (a phenomenon otherwise unknown in Swedish law).

An interesting element is the right of all people to communicate information anonymously on any subject (with only a few exceptions) to authors or responsible editors and publishers for the purpose of publication in print (FPA) or in one of the electronic media protected by the Fundamental Law on Freedom of Expression. This so-called freedom of communication is particularly important for officials willing to reveal compromising information to the media (in the USA, such persons are known as 'whistle-blowers'). A substantial part of the Press Act deals with publicity of official documents, including not only those of the administration at all levels, but also those of the courts and parliament (*Riksdag*). According to Article 2:2 FPA, any restriction of the right of access to official documents shall be 'scrupulously specified in the provisions of a special act of law' (i.e., the Secrecy Act).

Copyright as a Fundamental Right in the Swedish Regeringsform

When the new *Regeringsform* of 1974 was amended for the first time in 1976, the chapter on human rights was extended by the addition of a couple of new rights and more detailed rules on the conditions for restrictions. In addition to the article on protection against expropriation and other restrictions on the use of land or buildings, a special provision on copyright (*upphovsrätt*) was introduced:

Art. 19. Authors, artists and photographers shall own the rights to their works in accordance with provisions laid down in law.

In support of this article the explanatory memorandum of the government bill said that the work done by authors and artists is very important for the building of opinions and for the promotion of cultural activities. The ultimate goal of the introduction of this provision was the strengthening of 'the free formation of opinion', which is one of the foundations of the democratic system, according to the first article of the *Regeringsform*. Although there is a connection with the general statement on the right of property in the foregoing article as well, the meaning of copyright for the free flow of information and ideas is used in the explanatory memorandum to define the scope of the protection offered in this article. Therefore the enumeration of 'authors, artists and photographers' is meant to include performers such as musicians, actors and singers. But the rights of producers of gramophone records and of broadcasting companies are not protected here (nor are the rights of inventors and designers), in view of the ultimate goal as mentioned.

The framers of the provision point out that the article in itself offers little protection, as the particulars of the rights involved are left to the legislature (*Riksdag*). The chosen formula in Article 19 RF ('laid down in law') means that delegating the power of regulation to the government on this subject is not permitted. Both in the *Regeringsform* and in the special fundamental laws on freedom of the press and freedom of expression there are provisions which put limits on the competence of the Swedish legislature in the field of copyright law, in case of provisions restricting freedom of the press or freedom of expression by the electronic media. This subject will be discussed in the following section.

Conditions in the Swedish Constitution for Restrictions on Freedom of Expression

The second chapter of the Instrument of Government of 1974 included only a small list of human rights; in most articles it was stated that legislation concerning these rights had to be in statutory form. The social democratic government was afraid that rights with more substantive conditions for restrictions might hinder their legislative programme. However, the three large centre/right-wing parties, supported by the radical left, pleaded for more rights with stronger conditions on the content of legislation, procedural entrenchment by qualified majority voting and explicit introduction of constitutional review. As so often before the political parties reached a compromise: more rights, more conditions for restrictions (but no qualified majority) and the introduction of a weak form of constitutional review. Before examining the restrictions on the law of copyright posed by the rights of freedom of expression and information in the Instrument of Government, we should look at conditions for such restrictions in the fundamental laws on the freedom of the press and on electronic media. Restrictions on the freedom of these media have to be justified under these acts, as well as under the restriction clauses found in the *Regeringsform*.

Article 1:8 FPA (to which Article 1:12 FLE is referring) states:

‘Provisions concerning the copyright of an author of a literary or artistic work, or the producer of a photographic picture provisions concerning rights neighbouring on such copyright, and provisions prohibiting the reproduction of literary or artistic works in such a way as to infringe cultural interests shall be laid down by law.’

Here room is given for copyright law on publications covered by the two fundamental laws, but there are no conditions for the content of such a law. However, such conditions are amply found in the *Regeringsform*. The system of restrictions on human rights followed in the second chapter is such that not every article enumerates possible restrictions, but that special articles regulate restrictions of groups of interrelated rights. Especially for freedom of expression there is Article 2:13 RF, which states:

‘Freedom of expression and freedom of information may be restricted with regard to the security of the Realm, the national supply, public safety and order, the integrity of the individual, the sanctity of private life, or the prevention and prosecution of crime. Freedom of expression may also be restricted in economic activities. Freedom of expression and freedom of information may otherwise be restricted only where particularly important grounds so warrant.

In judging what restraints may be imposed by virtue of the preceding paragraph, particular regard shall be had to the importance of the widest possible freedom of expression and freedom of information in political, religious, professional, scientific and cultural matters.

The issuing of rules and regulations which govern in detail a particular manner of disseminating or receiving information without regard to its content shall not be deemed a restraint of freedom of expression or freedom of information.’

Restrictions as a result of copyright can be brought under the restriction grounds of ‘economic activities’, but this is not an open door for any copyright provision whatsoever as the second part of the quoted article gives freedom of expression and information extra weight in the balance. In addition, the foregoing Article 2:12 enumerates a number of general conditions for restrictions on a larger group of rights including freedom of expression and information. Restraints on these rights may only be imposed in order ‘to achieve a purpose acceptable in a democratic society’, and may ‘never exceed what is necessary with regard to the purpose, nor may it be carried so far as to constitute a threat to the free formation of opinion as one of the fundamentals of society’. This whole system of conditions is almost similar to the conditions of Article 10 of the European Convention, as it is explained in the jurisprudence of the European Convention emphasizing the importance of freedom of expression and information.

Article 2:12 RF also contains a procedural barrier against the restrictions of the group of rights involved. Ten or more persons of the total number of 351 members of

the *Riksdag* can ask for the suspension of any bill (with some minor exceptions) involving such a restriction of one of these human rights, for a period of one year from the date on which the first report of a *Riksdag* Committee on that bill was submitted to parliament. Thus a very small opposing group can enforce a delay of a year or longer and more intensive public discussion on a proposed restriction. In such a case, the *Riksdag* may nevertheless approve of the bill without delay with a majority of five-sixths.

Although it is in the first place the *Riksdag* that will decide on the question whether a bill fulfils the aforesaid conditions, there is also a role for the courts in this field. In 1979 an amendment to the new *Regeringsform* brought an explicit recognition in Article 11:14 RF of the possibility of constitutional review by the courts and (typical of Sweden) by the independent administrative agencies on the central level of government. However, a parliamentary act and a regulation originating from the (restricted) law-making competence of the government can only be left aside if they collide 'manifestly' with a provision in one of the four Swedish fundamental laws, a rare event and not yet practised against a provision of copyright. Swedish courts are inclined towards a more covert review, by interpreting legislation in such a way that it is compatible with the constitution. Important too is the abstract review by the Law Council, an advisory body consisting of judges from the Supreme Court and the Supreme Administrative Court, which examines bills before the *Riksdag* makes a decision. Examination by the Law Council is obligatory for all bills containing restrictions on freedom of expression and information.

Should the Dutch Constitution be Changed in the Swedish Way?

Compared with the elaborate provisions on freedom of expression and information in the Swedish constitutional texts, Article 7 of the Dutch Constitution is rather poor. Since the amendment of 1983, the old formula of freedom of the press has been extended with provisions on broadcasting and 'other media'. These three parts consist of variations on the ban of prior consent, leaving full freedom for the legislator to enact laws containing other restrictions. Constitutional review by the courts is not yet permitted, although many jurists are in favour of it, but even if it did exist the article mentioned would not provide the proper tools for reviewing. However, as Article 93 of the Dutch constitution gives priority to provisions of treaties which may be binding on all persons by virtue of their content, the Dutch courts have several times tested copyright provisions against the conditions of Article 10 of the European Convention of Human Rights. Copyright provisions are brought under the restriction grounds of 'rights of others' in the second part of Article 10 EC.

In my opinion, this reliance on the European Convention is a second-class solution. A country with a liberal democracy needs an up-to-date catalogue of human rights. One of the first freedoms in the Dutch constitution that urgently needs reviewing

is Article 7 on freedom of expression. Broadcasting and modern electronic media have a vague and limited protection. A system of grounds for balancing the need for restrictions is absent and there is no explicit recognition of freedom of information: only 'the speaker' is mentioned. When amending this article, the provisions in Chapter 2 of the Swedish Instrument of Government can offer useful suggestions. The content of the two fundamental laws on freedom of the press and freedom of the electronic media is mostly far too elaborate to be included in an article on freedom of expression and information in the constitution, although I should welcome a link between these freedoms and the publicity of official documents. The Swedish example with a regulation of the principle of publicity as part of the Freedom of the Press Act is far better than our constitutional connection of publicity with the regulation of administration in general.

The articles on freedom of expression and information in the Swedish Instrument of Government can also act as an example of how the content of Article 10.2 ECHR with the further elaboration in the jurisprudence of the European Court of Human Rights can be summarized in a constitutional provision. An interesting extension of the content of freedom of expression, absent from most other constitutions, are the 'negative' freedoms of opinion: the right not to divulge an opinion and not to take part in associations, meetings or demonstrations.

I would also recommend the introduction of copyright as a fundamental right after the Swedish model. In my opinion it is not wise to make copyright part of an extensive article on freedom of expression. Although both rights partly have a common ground, copyright has a strong foothold in the right of property as well.

I hope the Swedish constitutional regulations in the field of freedom of expression, information and copyright, as mentioned above, may offer Herman Cohen Jehoram some useful information for his new publications on the common foundations of freedom of expression and copyright.

Information Law: From Concentric Circles Theory to Pimple Theory

Gerard A.I. Schuijt

The periodical that Herman Cohen Jehoram started twenty-one years ago, of which he was the editor-in-chief all that time, reflects the developments his field has experienced. It started out in 1977 as *Auteursrecht* [Copyright]; from 1982 to 1985 it was called *Auteursrecht/AMR. Tijdschrift voor Auteurs- en Mediarecht* [Journal of copyright and media law]; and it acquired its present name in 1986, *Informatierecht/AMI. Tijdschrift voor Auteurs-, Media- en Informatierecht* [Journal of copyright, media and information law]. Everyone knew what copyright was, but defining media law was more difficult. In 1984 the journal's editorial team gave me the chance to publish my 'Media law: attempt at an introduction'. Less than two years later Cohen Jehoram was the first to come up with a theory of information law, his 'three concentric circles theory'. But the development of any kind of consistent theory of information law did not really start until the founding of the University of Amsterdam's Institute for Information Law – also an initiative of Herman Cohen Jehoram – and the arrival of his colleague E.J. Dommering. Dommering and others threw out Cohen Jehoram's concentric circles theory. In its place came what I – disrespectfully – call the 'pimple theory'. The present article aims to trace this development. We shall see that the shift in interest in legal circles has been unmistakably linked with social and technological developments. I shall consider the distinction between media law and information law *en passant*.

Press and Broadcasting Law

The concept of media law is a fairly new one. In 1970 F. Klaver began her book on press and broadcasting law with the words 'The phrases press law and broadcasting law are not familiar terms in legal theory'.¹ Although Klaver thus introduced these

¹ F. Klaver, *Pers- en omroeprecht* [Press and broadcasting law]. Amsterdam: Wetenschappelijke Uitgeverij 1970, p. 1.

concepts on the spot, in 1978 Diemer and Mout still persisted in the conviction that 'The terms media law and press law are not found in legal terminology'.²

In Germany press law specialists such as Löffler and Scheer had been working on the subject since the Sixties,³ and the Anglo-Saxon literature included handbooks on media law.⁴

When *Auteursrecht* changed its name to *Auteurs- en mediarecht* in 1982, the editorial staff – i.e. Cohen Jehoram – did not give a precise definition of the new subject, giving more a justification of the change of name. In the practice of copyright law, he wrote, there was a strong awareness that authors are generally dependent, for the exploitation of their works, on those who control the media – radio and TV networks, publishers, the record and film industry. Other media law topics were also seen in relation to copyright law – the neighbouring rights of broadcasting organizations and authors' contracts. But even without the direct link to copyright, the organization of broadcasting, the freedom of expression, the right to rectification or right to reply 'etc.' were seen as topics of media law.⁵ In the second half of the twentieth century it was no longer possible to study copyright law separately: the influence of the mass media, in particular the burgeoning of the broadcasting medium with the advent of cable and satellite communications, and the enormous growth of the audiovisual industry, was irresistible.

The meaning of 'media' was taken for granted. The law students' magazine *Ars Aequi* started its 1983 volume with a bulky special issue on media law. It too, confined itself to giving a broad definition of this area: 'We deal with the concept of the media as generally recognized by the public, i.e., media such as television, radio and newspapers'.⁶

Media Law

In my 1984 article I tried to base my definition of media on mass communication theory.⁷ A 'medium' is a 'means'; 'media' is the plural. The term 'media' in normal

2 E. Diemer & P. Mout, *Bescherming van het individu ten opzichte van de communicatiemediën, in het bijzonder met betrekking tot ongefundeerde of niet gemotiveerde aantijgingen; bescherming van het individu tegen ongefundeerde aantijgingen in de massamedia* [The protection of the individual against the communications media, with particular reference to unfounded or unreasoned imputations; the protection of the individual against unfounded imputations in the mass media] (Netherlands Legal Association consultative report), Zwolle: Tjeenk Willink 1978, p. 5.

3 M. Löffler, *Kommentar zum Presserecht* [Comments on press law], Munich: Beck 1968; B. Scheer, *Deutsches Presserecht* [German press law], Hamburg: Verlag Deutscher Polizei 1966.

4 E.g., H.L. Nelson & D.L. Teeter, *Law of Mass Communications. Freedom and control of print and broadcast media*, Westbury: The Foundation Press 1969.

5 *Auteursrecht/AMR* (6) 1982–1, p. 2. Cohen Jehoram laid the foundation for this reasoning in his annual address to the Copyright Law Association in 1980, published in *Auteursrecht* (4) 1980–3, p. 55.

6 *AA* (32) 1983–1, p. 1.

7 G.A.I. Schuijt, 'Mediarecht. Proeve van een inleiding' [Media law: attempt at an introduction], *Auteursrecht/AMR* (8) 1984–4, pp. 79–83.

usage is often an abbreviation of 'mass media', which in turn is a concise way of saying 'mass communications media'. In mass communications theory, mass communication means any form of public communication where a disseminator targets an essentially indeterminate public (the recipients). The word 'public' distinguishes mass communication from non-public communication, e.g. private telephone communications and correspondence. The terms 'mass media' and 'mass communication' should not lead us to think first and foremost of sociological or psychological theories about the 'mass'; the audience that the disseminator targets need not be large, and certainly not an unthinking crowd.⁸ Nor are we only talking about communication using technologically sophisticated means of communication such as the printing press and broadcasting technology. Stappers gives the following definition: 'Mass communication is the sending of messages where the disseminator targets everyone, or at least makes no distinction as to the recipients he is targeting, where he disseminates his message in such a way that no other body is excluded from being a recipient, where a channel is used to which any other body – as far as the disseminator is concerned – can link up.'⁹

Mass communication thus covers not only newspapers, magazines and other regular publications but also irregular products of the printing press – books, pamphlets, brochures and posters. As well as radio and television it includes cinema, both artistic and documentary; also demonstrations, speeches, performances, pay-TV, teletext, data banks accessible to a public with or without payment, digitally or otherwise, premium telephone numbers etc. Nowadays we would add the information available with or without payment from the Internet.

There is no gain, however, saying that there is a distinction between forms of mass communication and the technological means by which the communication takes place. Forms of communication are such things as newspapers, magazines, performances, radio and television programmes, films, web sites, summarized in the terms 'allocation' and 'consultation' in the diagram devised by Bordewijk & Van Kaam.¹⁰ Means of communication include the printing press, photocopiers, radio waves, satellites, cable networks, transmitters and transmitting equipment. We can also see this as a distinction between an added-value service and the infrastructure. There is a demarcation problem when it comes to media law: the infrastructure is often used for both public and non-public communication and the rules and regulations cut right

8 Cf. K. Baschwitz, *Denkend mens en menigte. Bijdrage tot een exacte massapsychologie* [The thinking person and the crowd. A contribution to a precise mass psychology]. The Hague: H.P. Leopold 1951 (translated from *Du und die Masse*). Despite what the title suggests, Baschwitz is by no means pessimistic about how the man in the crowd thinks.

9 J.G. Stappers, *Masscommunicatie. Een inleiding* [Mass communication. An introduction]. Amsterdam: Arbeiderspers 1975, pp. 65–82; see also J.J. van Cuilenburg, O. Scholten & G.W. Noomen, *Communicatiewetenschap* [Communications science]. Muiderberg: Coutinho 1992, pp. 21–25.

10 J.L. Bordewijk & B. van Kaam, *Allocutie. Enkele gedachten over communicatievrijheid in een bekabeld land* [Allocution: some thoughts on freedom of communication in a cabled country]. Baarn: Bosch & Keuning 1982, pp. 26–32.

across this distinction. As a result, media law cannot avoid looking at the rules and regulations on the infrastructure of non-public communication if that infrastructure can also be used for public communication.

Taking my cue from this theory of mass communication, I arrived at the following definition: 'Media law is the set of legal rules that relate to freedom of communication, the means of communication and the forms of public communication. Public communication means that form of communication where the disseminator targets an essentially indeterminate public.' Thus the definition contained four elements: first, the basis of media law, freedom to communicate, then I distinguish between *means* of communication and *forms* of communication, of which the latter are in turn confined to forms of *public* communication. From my perspective, media law clearly covers a large area: parts of public law, private law and criminal law. It is also clear that I abandoned the link with copyright, although there are and will remain numerous overlaps between copyright law and media law.

I am not much of a theoretician, but it seemed to me that this was in any event a reasonable demarcation of the subject area. Delimiting the area is useful in that it indicates what topics are likely to come up in a particular periodical, in a society, in a professor's lectures. It is also useful when staking out an area of research, but I immediately added that it cannot be the aim of delimiting an area of research to declare it closed: let the researcher cross the boundaries where this is useful or necessary. Nor was it my aim in defining the subject to find a totally new area of law with its own rules and types of case law: media law continues, in my view, to operate within the purview of general public, private and criminal law. It is merely a question, as Bull says, of pointing out what elements are related and belong together, and establishing the connection between them so as to lay down similar yardsticks in similar situations.¹¹

I now find there is something curious about my 1984 definition: why did it have to begin with '... legal rules that relate to freedom of communication'? I described that as the basis of media law and will continue to do so as long as I live. And I still stand by my contention that any legislation on the media needs to be checked to see that it does not conflict with freedom of communication. But the term 'media law' could in theory apply where there is no freedom of communication: a press law controlling censorship would be a piece – a large piece at that – of media law. What I am really trying to say is that I would not want to live in a country where there is no freedom of communication, let alone study its media law... This probably shows that, while I may have my heart in the right place, I am no great theoretician!

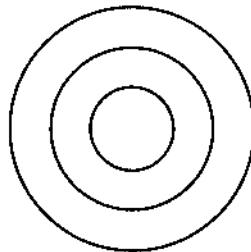
The second part of my definition, '... legal rules that relate to ... the means of communication and the forms of public communication', could cause friction among the real information law theoreticians. While we may be able to distinguish forms of public communication from forms of non-public communication – albeit with diffi-

11 H.P. Bull, *De fundamentele problemen van het informatierecht* [The fundamental problems of information law]. Zwolle: W.E.J. Tjeenk Willink 1985.

culty in some cases – this cannot be done with the *means* of communication. The legislation on telecommunications infrastructure in particular has shown this. During the last fifteen years of this century computer technology and telecommunications technology have resulted in the development of a theory of information law, just as, earlier on, the advent of broadcasting and the audiovisual industry resulted in the development of a theory of media law.

Information Law

One of the first moves in this direction was made, as already indicated, by Cohen Jehoram,¹² who expounded his concentric circles theory to the Copyright Law Association.



According to Cohen Jehoram, the area of the law concerned primarily with the legal problems raised by our information society – i.e., a society in which the focus of economic activity has switched from the production of tangible goods to the production and transfer of intangible information – is made up of three concentric circles. It was self-evident to the readers of *Auteursrecht/AMR* that copyright law had developed from what was, to start with, an almost intuitively applied instrument of government policy to a basic law for the whole information industry. Thus copyright law, the area of the law that has traditionally concerned itself primarily with the intellectual aspect of the production of information, forms the core, the innermost circle. But copyright law on its own was not able to bring order to the legal no-man's land that the up-and-coming information society was creating. The development of neighbouring rights for the media, the regulation of the media under public law and the fundamental freedom of expression and information had created a new area of law, a skin, around the core of copyright law. Together the core and the skin constituted media law.

12 H. Cohen Jehoram, 'Auteurs-, media- en informatierecht' [Copyright, media and information law], *Auteursrecht/AMR* (9) 1985–3/4, pp. 43–45; see also *Informatierecht/AMI* (10) 1986–1, p. 3. The author of a move in this direction was the H.P. Bull mentioned in the previous note.

Restricting media law to public communication had, in the long run, proved too much of a straitjacket: the media not concerned with public communication, e.g., the telephone and telegraph also needed to be considered. The boundaries between mass media and other media became blurred under the influence of emerging technologies. Cohen Jehoram consequently proposed taking as the starting point the object under the law with which it all started – information. Information law draws a second, final circle around copyright and media law. It covers the legal problems concerning the production, processing and distribution of information as such, not just public information.

Unlike Cohen Jehoram, who took the author and the copyright-holder as his point of departure, Bull took information as an interest, and thus an object under the law, as his starting point for information law.¹³ On the one hand, persons have an interest in having, keeping, obtaining and disseminating information (both through means of mass communication and through private communication); on the other, there are persons who have an interest in protecting information or in keeping it secret (to protect commercial interests, their privacy, or their honour and reputation). Bull regarded the conflict between these two interests as among the fundamental problems of information law, since two principles collide here: freedom of communication and the protection of privacy.

It may be worthwhile to point out here, *en passant*, that right from the start the idea behind information law was not the same as that of informatics law or informatics and law. Informatics and law involve the coming-together of a particular new information technology – the computer – and certain legal problems, e.g. issues concerning the protection of personal data stored on a computer, software protection, the role of the criminal law in computer crime, civil law problems of evidence etc. Information law, on the other hand, is not confined to the problems raised initially by the new computer technology. Information law places these problems in a broader legal context, abstracted from technology pure and simple. It includes, for instance, looking at the protection of privacy, whether the personal records are stored on a computer or in the old familiar card index. It covers not only information stored in a data bank but also data in a dictionary or encyclopedia (and the legal rules concerning its protection) and, let us not forget, copyright on traditional works such as books, compositions, paintings and sculptures.

This theory was elaborated by E.J. Dommering in his inaugural lecture 'The Information Triangle', in the compilation *Information Law towards the 21st Century* and in a compilation produced in collaboration with Armbak and Van Cuilenburg.¹⁴ Dommering takes as his initial premisses that information is an object under the law

13 Bull, *De fundamentele problemen van het informatierecht* [The fundamental problems of information law]. Zwolle: W.E.J. Tjeenk Willink 1985.

14 E.J. Dommering, *De informatiedriehoek. Enige beschouwingen over de regulering van informatiestromen* [The information triangle: some reflections on the regulation of information flows]. Deventer: Kluwer 1989; E.J. Dommering, 'Information Law and the Themes of this Book', in: W.F. Korthals Altes *et al.* (eds.), *Information Law towards the 21st Century*. Deventer: Kluwer Law and Taxation 1992, pp. 3–11; J.C. Armbak, J.J. van Cuilenburg & E.J. Dommering, *Verbinding en ontvlechting in de communicatie* [Connection and disentanglement in communication]. Amsterdam: Cramwinckel 1990.

and that the communication process is an interest in need of constant protection and monitoring. At one point of Dommering's information triangle is the recipient of the information, at the second the author/message-originator, and at the third the reality as it is represented in the message. This reproduced reality is the subject of perception by the author/message-originator and by the message recipient. Information is transmitted along all three sides of the triangle.

Dommering refers to his approach as 'conceptual'. He proceeds from general legal doctrines rooted in public law and private law and tackles the concrete problems on the basis of those abstract principles. He approaches issues of privacy and freedom of communication on the basis of the general theory of fundamental rights, *e.g.* the right to protection of privacy and freedom of expression, but at the same time the basic principles of competition law are an indispensable point of departure when trying to solve concrete problems. The object of information law is defined as the study and creation of legal rules concerning the production and processing of information, the storage of information, the conversion, transfer and reproduction of information, the transmission of information and the use, consulting and storage of information. Here again we can find all four of Bordewijk & Van Kaam's traffic patterns: allocation, consultation, recording and conversation.¹⁵

It is not surprising that the rapidly-developing telecommunications law has found a prominent place in this approach, since it is concerned primarily with the transmission of information, the protection of privacy (security of transmission) and freedom of communication. We see again and again that the theory is tenable and that it approaches the matter from the correct angle: whether it is a question of defamation, pornography or racism on the Internet (which needs to be approached on the basis of a non-technology-based fundamental freedom of communication),¹⁶ the new formulation of the inviolability of the mail and telephone in the Constitution in relation to communication via the Internet (which needs to be approached on the basis of a non-technology-based fundamental right of free private communication),¹⁷ or the problem of the convergence of broadcasting and telecommunications (and therefore of broadcasting and telecommunications law), which needs to be approached on the basis of (a) freedom of communication and (b) free competition.

Is copyright law still in the innermost circle in information law as thus constituted? No, there are not even three circles any more! While we could still locate the basic principles we have mentioned at the centre, information law is not a larger circle

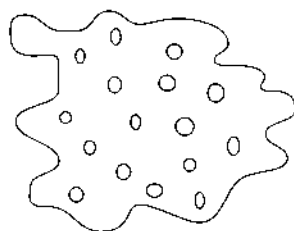
15 Bordewijk & Van Kaam, *Allocutie. Enkele gedachten over communicatievrijheid in een bekabeld land* [Allocation: some thoughts on freedom of communication in a cabled country]. Baarn: Bosch & Keuning 1982, pp. 26–32.

16 Cf. T.A. de Roos, G.A.I. Schuijt & L. Wissink, 'Smaad, laster, porno en racisme op het Internet' [Defamation, pornography and racism on the Internet] in: I. van den Berg & A.H. Schmidt (eds.), *Her-reeks. Nationaal programma informatietechnologie en recht 3*. Alphen aan den Rijn: Samsom 1996, pp. 81–242.

17 Cf. E.J. Dommering, 'Geen telefoongeheim op de elektronische snelweg' [No inviolability of the telephone on the information superhighway], *Mediaforum* 1997–10, pp. 142–147.

than media law simply because it includes non-public communication in its area of study. Information law is of a different order: as outlined above, it is a conceptual or theoretical approach to information as an object under the law. Media law is indeed confined to public communication, but it is more a functional or practical approach than a theoretical one. Media law says more about *what* people are concerned with than *how*.

Whatever the case, even if copyright law is no longer the core of media law/information law, it has not disappeared from information law or media law. On the contrary, practitioners of information law come up against aspects of copyright law all the time. This is not surprising, since copyright law is also concerned with the fundamental problem that one party is interested in protecting the information – from the point of view of exploitation or *droit moral* – and another party has an interest in making it public – from the point of view of exploitation or free communication. This is what led me to my disrespectful pimple theory: copyright law pops up all over the place and all the time in information law – which, of course, is not a circle but an erratic plain.



The conflict between freedom of information and the exercise of copyright and the conflict between the exercise of copyright and the protection of privacy are certainly fundamental problems in both information law and copyright law, but in information law there are other problems, such as access to the communication market and the protection of private telephone and e-mail traffic.

Media Law and Information Law

Where does this leave media law, then? The point of continuing to regard media law as a separate area of law is first and foremost a practical one: the functional approach. Media law is concerned with public communication, often confined to communication via the news media: newspapers, magazines, broadcasting and public communication via the Internet. We know what types of communication are involved in media law. The area is already large enough, because of the importance of the functions these media serve in society. The starting point is the notion that free media fulfil important functions in a democratic society. This means not only that the content of the messages needs to be free but also that there must be free access to the control of the media, and

where this is lacking an equitable formula needs to be applied: supporting the press if necessary and providing broadcasters with access to the cable networks, distributing the broadcasting frequencies available, and the convergence between broadcasting and telecommunications in general. We are faced here with the fundamental conflict between the need for the government to refrain from interfering with communication between citizens and the regulatory action it is required to take to promote free communication and remove obstacles to free communication. A good way of tackling this problem is to apply the general principles that also apply to solving concrete problems in information law. In this respect, media law keeps popping up in the erratic plain of information law just like copyright, so the pimple theory applies here too. The conflict between regulation and government interference on the one hand and freedom of public communication on the other is the central problem of media law and, as such, a central problem of information law. It shows how important this area of law is and justifies continuing to see it as a separate entity within information law.

Communication Law

Competition for Cohen Jehoram's *Informatierecht/AMI* emerged in 1988 in the shape of *Mediaforum. Tijdschrift voor Media- en Communicatierecht* [Mediaforum. Journal of media and communication law], published by the Society for Media and Communication Law, founded the same year. What are we to make of the term 'communication law'? I think we need to regard the terms 'information law' and 'communication law' as interchangeable. In information law, the emphasis is more on information as an object under the law, whereas in communication law it shifts to the activity, the communication process and the relations between the persons involved in gathering, producing, disseminating and receiving information. It seems to me that the terms 'freedom of information' and 'freedom of communication' are also interchangeable: in the case of freedom of information we think first and foremost of the content of the message, which needs to be created and disseminated without government interference; freedom of communication makes us think more of the actors in the communication process, who need to be able to establish communications with one another freely and exchange their messages freely.

One nice thing about working in information law is that a mere word can shift the emphasis in this way without departing from the initial concept. Another nice thing is that it is so multifaceted and one can find areas to specialize in within the many facets: telecommunications law, media law, privacy, intellectual property. It is because of this conceptual approach that practitioners understand one another when talking about one another's problems.

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Wie geeft de burgerlijke wet? (oration, University of Amsterdam), Deventer: Kluwer 1967

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Furthermore, Herman Cohen Jehoram is

- author of the chapter 'Netherlands', in: M.B. Nimmer and P.E. Geller (eds.) resp. P.E. Geller (ed.), *International Copyright Law and Practice*, New York: Matthew Bender (looseleaf)
- co-author of the chapter 'The Law of the EEC and Copyright', in: M.B. Nimmer and P.E. Geller (eds.) resp. P.E. Geller (ed.), *International Copyright Law and Practice*, New York: Matthew Bender (looseleaf)
- author of about 90 annotations on judicial decisions by Dutch and foreign courts in the field of intellectual property and media law
- author of hundreds of articles, book-reviews, lectures, chronicals, consultative reports, comments and opinions, published in several Dutch (law) magazines as: *Nederlands Juristenblad*, *Ars Aequi*, *Auteursrecht/AMR*, *Informatierecht/AMI*, *Bijblad bij de Industriële Eigendom*, *Intellectuele Eigendom & Reclamerecht*, *Rechtsgeleerd Magazijn Themis*, *De Praktijkids*, *Bouwrecht*, *Het Verzekeringsarchief*, *Reproductie*, *WPNR*, *TVVS*, *De Uitgever*, *SEW* and *Boekblad*

LIST OF SELECTED PUBLICATIONS OF HERMAN COHEN JEHORAM

- author of 15 contributions to the Dutch Encyclopedia *De Grote Winkler Prins*, 8th ed. (Amsterdam: Elsevier 1979) on several subjects in the field of intellectual property, media and unfair competition law
- editor of *Jurisprudentie en annotaties Ars Aequi Intellectuele Eigendom* (a collection of annotated judgements in the field of intellectual property law of Dutch, Benelux, European and international courts), Nijmegen: Ars Aequi Libri
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Curricula Vitæ of the Authors

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CURRICULA VITAE OF THE AUTHORS

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CURRICULA VITAE OF THE AUTHORS

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CURRICULA VITÆ OF THE AUTHORS

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