

## *Copyright and the Internet*

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### INTRODUCTION

A major issue for copyright lawyers at the present time is how to deal with the rapid development of the Internet and the prospect of the 'information superhighway', world-wide telecommunications systems which permit the rapid, indeed virtually instantaneous transmission around the world, at times chosen as much by individual recipients as by transmitters, of information and entertainment in all media - print, pictures still and moving, sound, and combinations thereof. The issues are manifold. Is the ease of perfect reproduction and manipulation of material in the digital form used by our communications systems the death-knell of the whole basis of copyright? Are we at least going to have to reconsider such fundamentals of copyright law as what constitutes publication, copying and public performance, or the old distinctions between categories of work such as literary, artistic, sound recording and film? What rights should users enjoy? Are the rights accorded them in the analogue world so ill-defined that they will undermine the utility of copyright as a source of income for digital authors and their publishers? Will we see the emergence of a genuine market-place in which producer and user bargain about the price for individual transfers of information and cultural goods, rather than requiring intermediaries such as publishers? Given the ready flow of material across national frontiers, does the international harmonisation of copyright laws need intensification, and should the classic rules of private international law on jurisdiction and choice of law be

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adapted to enable a party confronted with infringements in another country to sue effectively in his own country and have judgments recognised abroad?

This paper considers the main rules of British copyright relevant to the Internet against a comparative background, in order to demonstrate some of the difficulties with which the law is now confronted, and concludes with some of the international and, in particular, the European proposals to develop the law and to meet these problems.

A few preliminaries may be helpful, however. Copyright first developed in the early modern period as a response to the growth of the printing technology which facilitated the rapid multiplication and distribution of copies of written works. Change in the law has continued to be driven by technological advance in the means by which works can be presented to the public at large, and protection has been extended and adapted to cover photography, cinematography, sound recording, broadcasting, cable transmissions and computer programs. So there is no reason to suppose that, if the Internet does in fact present new problems for copyright, the law cannot be adapted to deal with them.<sup>1</sup> The practical benefit of working within the copyright mould is the continued applicability of the international regime under the Berne Convention and other treaties which ensure potentially world-wide protection for rightholders (a vitally important point in relation to the global Internet).

A second preliminary point concerns the functions of copyright. Two major conceptualisations of this can be identified in the world's legal systems. The Anglo-American or Common Law tradition emphasises the economic role of copyright. Protection of copyright subject-matter against unauthorised acts of exploitation enables right-holders either to go to market themselves with a product based on the material, or to

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<sup>1</sup> Contra the views of, e.g., John Perry Barlow: see his 'Selling wine without bottles: the economy of mind on the global Net', in P Bernt Hugenholtz (ed), *The Future of Copyright in a Digital Environment* (1996), 169-187. See further L Bently and B Sherman, *The Making of Modern Intellectual Property Law* (1999), and Computer Science and Telecommunications Board and National Research Council, *The Digital Dilemma: Intellectual Property in the Information Age* (2000), henceforth *Digital Dilemma*.

grant others, by outright transfer or, more typically, by licence, the right to do so for whatever seems an appropriate price. In the absence of copyright, which would enable free-riding by would-be users, it is unlikely that producers of the material would earn any return for their work, and without that incentive production would dry up or slacken significantly. Copyright is thus essentially a response to market failure, a means by which socially beneficial activities can be made financially worthwhile. It rests ultimately upon the general or public interest.<sup>2</sup>

In contrast, the Continental or Civil Law tradition sees copyright as springing from the personality rights of the individual creator of the subject matter. Companies and organisations as such cannot be creators. This perception is reflected in the name ‘author-law’ given to the topic by the various Continental systems - *droit d’auteur*, *urheberrecht*, and so on. Protection is given out of respect for the individual’s creative act of production, and extends beyond the merely economic to the so-called ‘moral rights’: the right to be identified as the creator of a work, the right to have the integrity of a work preserved, and others. Copyright is thus rooted in protection of the individual personality and interests of the author as expressed in her work.

The distinction between the two conceptualisations is sometimes summarised by saying that the Anglo-American tradition is centred on the entrepreneur, the Continental one on the author. It is reflected in various rules: for example, where the Anglo-American tradition gives copyright protection to media works such as sound recordings and broadcasts, the Continental tradition uses a separate group of ‘neighbouring rights’ for these non-author works. Again, where the Anglo-American tradition vests first ownership of copyright in the employer of an author making a work in the course of employment, the Continental tradition always gives it to the author. In the present context, a significant aspect of the distinctness of the two traditions is their stances in relation to what may be

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<sup>2</sup> See further G Davies, *Copyright and the Public Interest* (1994).

called ‘user rights’; that is, those activities in which members of the public may engage with regard to copyright works without any authorisation from the rightholders concerned. The Anglo-American tradition allows ‘fair dealing’ or ‘fair use’ for free in areas where it is thought that the public interest in the dissemination of information and ideas outweighs the interest of the rightholder in earning reward from the exploitation of the work and the public interest in encouraging the author’s activities. In contrast, although the Continental traditions typically permit private copying, the author still receives remuneration by way of levies imposed upon the sale of the equipment that enables the copying to take place.<sup>3</sup>

But it is important not to over-emphasise the significance of such distinctions. Continental copyright laws are also a basis for market operations, while the author plays a fundamental role in Anglo-American copyright laws, where moral rights are now also developing.<sup>4</sup> Membership of the Berne Convention, which has been the basis of international copyright since 1886 and sets minimum standards for national copyright legislation, has embraced countries from both traditions for most of its history and since 1989 has included the USA. The convergence promoted by the Convention’s minimum standards has been further advanced by the 1994 Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS). During the 1990s, even more fundamental steps towards convergence were taken within the European Union, by a policy of harmonisation of copyright law in its Member States through a series of Directives, now including a draft dealing with the problems posed by the Internet. The global effects of these problems mean that purely national responses are inadequate, and that a convergent approach is required; but nonetheless the deep-seated differences in basic concepts have an effect upon international discussions, the outcome of which may sometimes reflect a somewhat uneasy compromise between the competing schools of thought.

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<sup>3</sup> See further below, 000.

The immediate relevance of noting copyright's economic functions, however, is that its deployment to protect material on the Internet is an important element in enabling the medium to realise its commercial potential. It has to be recognised at once that a large amount of material is placed on the Internet by its originators so that it can be accessed and used freely by others. Governments, commercial and other organisations, and individuals want to draw the attention of others to themselves and their products, and to provide information and material without specific charge, in fulfilment of their perceived functions in society or for other reasons. The existence or otherwise of copyright in what is placed on the Internet by such parties will be of no or very limited relevance to them. The Internet publication will either contain an express permission to access, use and reproduce, or one that can be implied from the circumstances in which the material is made available.

But what is true of some will not hold good for all those who publish on the Internet. For many, the Internet is the latest means by which information and entertainment products created at substantial cost may be made available to the world at a price reflecting that cost plus the crucial element of profit, without which business loses its *raison d'être*. But the ease of high quality reproduction, onward distribution and dissemination of digital material poses as much of a threat as an opportunity to such entrepreneurs. Copyright protection therefore helps to make a market that would otherwise be limited to those who were unaware of their right (or ability) to copy, and is, in other words, a vital strand in the creation of a legal environment appropriate for electronic commerce, just as it has always been for those whose business is the creation and publication of entertainment and information products in analogue form, such as books, records and films; but perhaps even more so.

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<sup>4</sup> In the UK see Copyright, Designs and Patents Act [CDPA] 1988, ss 77-89. The USA has not enacted moral rights as such but other rights granted in US law have been accepted as satisfying the requirements of the Berne Convention on this matter.

A third preliminary is to observe that the legal system that has so far thrown up most of the actual cases about Internet copyright is that of the USA. These cases are of course immensely valuable in showing the kinds of question likely to arise elsewhere. But it is necessary to be somewhat cautious in assuming that courts in other countries would necessarily reach the same conclusions on their facts. US copyright law is characterised by its express basis in the American Constitution, which empowers Congress ‘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’.<sup>5</sup> The actual law is found in the Copyright Act 1976 with various additions and amendments thereto. The constitutional basis and the general American legal tradition encourages the courts to take a much more overtly policy-oriented approach to copyright questions than would be possible for a British or (even more so) another European court. In any event, as Jacob J once observed when several American cases were cited to him in a case about software copyright, the language of the American statute is not at all the same as that of the British one, and one must therefore be careful of reasoning which may be dependent ultimately on the legislative wording.<sup>6</sup>

Lastly, this paper is a much compressed treatment of a very large subject, and space prohibits anything other than fairly abbreviated discussion of some of the major issues. In particular, the problems of international private law have been left to another contributor.<sup>7</sup>

#### SOME EXAMPLES

It is always helpful to have good examples with which to illustrate discussion of a complex matter. For Internet copyright in Scotland, fortunately, a particularly useful one is readily

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<sup>5</sup> US Constitution, Article I, section 8.

<sup>6</sup> *Ibcos Computers Ltd v Barclays Mercantile Highland Finance Ltd* [1994] FSR 275 at 292.

<sup>7</sup> See however J J Fawcett and P Torremans, *Intellectual Property and Private International Law* (1998), 158-161, 248-249; and further Torremans’ contribution to this volume, 000-000.

to hand in the case of *Shetland Times v Wills*.<sup>8</sup> *The Shetland Times* published by the pursuers is an originally hard copy only newspaper, the owner of which (Mr Robert Wishart) established an Internet website or home page (<http://www.shetland-times.co.uk>). The opening or front page of the site used headlines from the newspaper upon which users clicked to gain access to the stories as printed under these headlines in the newspaper. Dr Jonathan Wills, who was once well-known as a student Rector of Edinburgh University and was also at one time editor of *The Shetland Times*, began in November 1995 to publish *The Shetland News* only on the Internet after falling out with Mr Wishart. Dr Wills used news headlines as the means of access to the stories in his publication (<http://www.shetland-news.co.uk>). From about 14 October 1996 *The Shetland News* page included *Shetland Times* headlines as hypertext links, and by clicking on these access could be gained to the relative stories on *The Shetland Times* website, bypassing the front page of that site altogether. *The Shetland Times* alleged infringement of copyright and sought interim interdict in the Court of Session. The practical reason underlying the action was that *The Shetland Times* hoped to sell advertising space on its website front page, and this commercial benefit would be lost if readers could access the news stories directly and bypass the front page.<sup>9</sup> *The Shetland Times* obtained an interim interdict before Lord Hamilton in October 1996. A full hearing on the petition for permanent interdict was scheduled to take place on 11-14 November 1997, but the action was settled in the door of the court<sup>10</sup> on the basis that *The Shetland News* would be able to link to stories on *The Shetland Times* website by means of headlines. But each such link was to be acknowledged by the legend 'A *Shetland Times* story' appearing under each headline; closely adjacent would be a button showing legibly *The Shetland Times*

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<sup>8</sup> 1997 SC 316; 1997 SLT 669; 1997 SCLR 160; [1997] FSR 604; [1997] EMLR 277.

<sup>9</sup> It is perhaps worthy of note here that at the height of the dispute *The Shetland News* site seemed to have been much more successful in attracting advertisers than *The Shetland Times* counterpart.

<sup>10</sup> Appropriately enough, on Armistice Day.

masthead logo; legends and buttons could also be hypertext links to *The Shetland Times* online headline page. Neither party would be liable for the other's expenses.<sup>11</sup>

The case is not untypical of the copyright issues arising on the Internet so far. A parallel litigation in the USA, also eventually settled, involved an organisation called Total News, from whose website a reader could link on to the web pages of other news organisations such as *The Washington Post*. Again the real issue appears to have been advertising on the respective sites, inasmuch as even after a link had been made to another site from the Total News one, the display was still 'framed' with Total News advertisements. The settlement allowed linking but not framing.<sup>12</sup> Other decided American cases have in general held linking not to be infringement of copyright, and there have been similar decisions in Swedish and German courts.<sup>13</sup>

Another type of case involves the creator of a website who puts other persons' copyright material on to his pages. In one of a number of French cases, for example, Raymond Queneau's 'Cente Mille Millions de Poemes' was placed on two different websites without the authorisation of the owners of the copyright in the work.<sup>14</sup> In August 1997 the BBC obtained the removal from nineteen private websites of unauthorised copies of pictures and texts from *Teletubbies*, the popular children's TV programme.<sup>15</sup> A well-known American case of this type is *Religious Technology Center v*

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<sup>11</sup> I am grateful to Dr Wills for sending me details of the settlement.

<sup>12</sup> For details of the settlement dated 6 June 1997, see <http://www.bna.com/e-law/cases/totalset.html>. Note also the *Ticket Master v Microsoft* settlement discussed in Charlotte Waelde's contribution to this volume, in which it seems to have been accepted that linking to within another's site, as opposed to its home page, was wrong. For another interesting case involving the Ticketmaster website, see *Ticketmaster Corp v Tickets.Com, Inc*, S. District Court, Central District of California, 27 Mar 2000.

<sup>13</sup> See in the USA *Bernstein v J C Penney Inc*, Central District of California, 22 Sept 1999, <http://eon.law.harvard.edu/property/metatags/linking1.html>; in Sweden the *Tommy Olsson* case, Dec 1999, Göta Hovrätt, <http://www.juridicum.su.se/iri/karc/linking.htm>; and in Germany, OLG Düsseldorf, decision of 29 June 1999 that linking within frame not infringement.

<sup>14</sup> (1997) 11 *World Intellectual Property Reporter* 266. Raymond Queneau (1903-1976) was a surrealist and experimental author. The poem in question is a collection of words which the reader is invited to assemble in any order to form his or her own version.

<sup>15</sup> *The Scotsman*, 15 Aug 1997.



*Netcom On-Line Communication Serv.*<sup>16</sup> in which Denis Ehrlich, acting without authority, posted to an electronic bulletin board both published and unpublished works by L Ron Hubbard, founder of the Church of Scientology. The case raised the additional issue of whether the bulletin board operator and the service provider with which the board was based could be liable for infringement of copyright along with the person who made the initial copy.<sup>17</sup>

More recent American litigation has concerned the liability of those who provide, not hyperlinks, but information about, and the technological means of accessing and exploiting, copyright material found on the Internet, in particular music. The arrival of MP3 software, which enabled the conversion of material recorded on CD (in particular music) into highly compressed computer files postable on and downloadable from the Internet, has been particularly important here.<sup>18</sup> Thus there was an unsuccessful challenge in 1999 to the lawfulness of the portable device known as the Rio MPMan player, to which people could copy an MP3 file of music downloaded initially from the Internet to a personal computer, thus enabling the file to be playable wherever the user wished.<sup>19</sup> However, in April 2000 Judge Rakoff of the District Court for the Southern District of New York found infringement of copyright in the service offered by a company called MP3.com. The company had purchased thousands of music CDs and made them available in MP3 format on the Internet to users who, after inserting their own copies of the CD in question into their personal computers while linked to MP3.com's

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<sup>16</sup> 907 F Supp 1361 (ND Cal, 1995). See also *Religious Technology Center v Lerma*, US District Court for the Eastern District of Virginia, 4 Oct 1996 (<http://www.bna.com/e-law/cases/lerma.html>), and E Cameron, (1997) 11 *International Review of Law Computers and Technology* 155-165.

<sup>17</sup> See for other recent examples *Playboy Enterprises Inc v Webbworld Inc*, US District Court, North District of Texas, 11 Dec 1997, [1998] EIPR N-100 (infringement by providing others' pictures to subscribers); *Cee Dee Empire v IFPI*, Eastern Division, High Court, Denmark, 8 Dec 1997, [1998] EIPR N-203 (providing 30-40 second clips of CDs available for sale from the website owner).

<sup>18</sup> On MP3 software (named from layer three of the Motion Pictures Experts Group's compression standard), see, e.g., *The Guardian*, 20 Nov 1998, 22 Apr 1999; *The Times*, Interface supplement 4 Aug 1999. *The Scotsman*, 2 Dec 1999, reported that 'MP3' had overtaken 'sex' as the most popular search term on the Internet. See further *Digital Dilemma*, ch 2, for the impact of MP3 on the music industry.

<sup>19</sup> *Recording Industry Association of America Inc v Diamond Multimedia Systems Inc*, 180 F.3rd 10772 (9th Circuit Court of Appeals, 15 June 1999), <http://laws.findlaw.com/9th/9856727.html>.

'My.MP3.com' website (<http://www.mp3.com>), could then, and again thereafter as often as wished, request a copy of the relative MP3 file held on the MP3.com servers to be transmitted to them.<sup>20</sup> Since the decision that these activities constituted infringement of copyright, MP3.com has entered a number of licensing agreements with recording companies such as Time Warner, Bertelsmann and EMI.<sup>21</sup>

The latest American litigation is concerned with the activities of Napster Inc, a company which makes available for downloading from the Internet its proprietary MusicShare software. This uploads to the Napster servers a list of all MP3 files on the hard disk of the user's computer, while that person is enabled to search the servers, which contain master indices of the locations of music files on the hard disks of all users of the service. Using these indices, users may then freely download to their own computers copies of the files they want, directly from the hard disks of other users. In early July 2000 there were said to be 8 million users of Napster's services in the USA, each one exchanging on average about 20 songs per month, while in the UK, the number of users had increased from 217,800 in May 2000 to 464,300 in June.<sup>22</sup> Although Napster itself does not make any copies of the files, it has been held liable for infringement of the copyrights involved, although at the time of writing (August 2000) the Ninth Circuit Court of Appeals in San Francisco had temporarily stayed an injunction granted by US District Judge Marilyn Hall Patel on 27 July 2000, pending a full trial of the case expected in the autumn of 2000.<sup>23</sup>

Finally, there are the cases about those who access and download material from the Internet. Assuming that the material has copyright - as a literary, artistic or musical work,

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<sup>20</sup> *UMG Recordings Inc and others v MP3.com Inc*, US District Court, SDNY (Rakoff J), 4 May 2000, <http://www.nysd.uscourts.gov/courtweb/pdf/00-04756.pdf>.

<sup>21</sup> See *The Times* 29 July 2000 for details of the EMI settlement.

<sup>22</sup> *The Times*, Interface supplement, 7 Aug 2000. The Napster website is at <http://www.napster.com>.

<sup>23</sup> *A & M Records Inc v Napster Inc*, US District Court for the Northern District of California, 5 May 2000; *Recording Industry Association of America Inc v Napster Inc*, injunction granted by Patel J 27 July 2000; stayed 29 July 2000. See *The Times* and *The Scotsman* of 28 July 2000, and *The Sunday Telegraph*, 30 July 2000. Other organisations offering services similar to those of Napster, such as Gnutella and Freenet, are thought to be less vulnerable to legal challenge for the practical reason that they do not operate on permanently located servers.

or as a computer program, sound recording or film - is such accession or downloading an infringement of copyright? An issue of this kind arose in *Sega Enterprises Inc v Maphia*,<sup>24</sup> where however the ultimate question was again the liability of the bulletin board operator who provided the service through which not only downloading, but also initial unauthorised uploading of copyright material (computer games), took place.

#### COPYRIGHT SUBJECT MATTER

The governing copyright statute in the UK is the Copyright Designs and Patents Act 1988, now several times amended. Under its provisions, the following subject-matter is protected:<sup>25</sup>

- original literary, dramatic, musical and artistic works (literary work including computer programs and compilations other than databases)
- films
- databases
- the typographical arrangement of published editions of literary, dramatic or musical works
- sound recordings
- broadcasts
- cable programmes

For convenience, literary, dramatic, musical and artistic works and films will be collectively referred to as ‘author works’ in the remainder of this paper, and the other categories (apart from databases, which for reasons discussed below form a sub-category on their own) will be grouped as ‘media works’. The distinction rests on a number of points, of which the most important conceptually is the idea that the second group relies essentially on the

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<sup>24</sup> 857 F Supp 679 (ND Cal, 1994); US District Court for the Northern District of California, 16 Dec 1996 (<http://www.bna.com/e-law/cases/sega2.html>).

operation of machinery and technology where the first depends upon an individual as creator. As a consequence, there are differences in the rules applying to the two groups. The first owner of the copyright in an author work is generally the author,<sup>26</sup> whereas in the media work it is the person by whose investment the work was produced. Only author works need be original to be protected,<sup>27</sup> meaning that they must be independent forms of expression achieved through their author's judgement, skill and labour.<sup>28</sup> Author works alone attract moral rights.<sup>29</sup> Copyright in an author work lasts for the lifetime of the author plus seventy years, while for sound recordings, the period is fifty years from the end of the year of manufacture or release, and for broadcasts and cable programmes it is fifty years from the end of the year of transmission.

To what extent are website contents capable of being brought within these categories of protected work? Several of the categories are clearly applicable to all or part of website contents in so far as they consist of text (literary), images still (artistic) and moving (film), and sounds (audio recordings). As Laddie J has observed, 'different copyrights can protect simultaneously a particular product and an author can produce more than one copyright work during the course of a single episode of creative effort, for example a competent musician may write the words and the music for a song at the

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<sup>25</sup> CDPA 1988, ss 1-8.

<sup>26</sup> In the case of films in the UK, joint authorship is attributed to the principal director and the producer (CDPA, s 9(2)(ab)). For a recent case on joint authorship, see *Robin Ray v Classic FM* [1998] FSR 622. The concept may be increasingly significant in the digital world: see J Ginsburg, 'Putting cars on the 'information superhighway': authors, exploiters and copyright in cyberspace', in Hugenholtz (ed), *Future of Copyright*, 189-219 at 192-197, and W R Cornish, *Intellectual Property: Patents, Copyright, Trade Marks and Allied Rights*, 4th edn (1999), para 13.65. Note also (1) the British concept of a computer-generated work where there is no human author (CDPA 1988, ss 9(3), 178); and (2) that copyright in a work produced in the course of employment falls to the employer unless otherwise agreed (CDPA 1988, s 11(2)). Employment should be distinguished from a commission, where the copyright would remain with the author unless otherwise agreed.

<sup>27</sup> There is no express requirement that a film be original (see CDPA s 1(1)(b)).

<sup>28</sup> *The Laws of Scotland: Stair Memorial Encyclopaedia*, vol 18, paras 941-948; H Laddie, P Prescott and M Vitoria, *The Modern Law of Copyright and Designs*, 2nd edn (1995), 46-79, 210-244; K Garnett, J R James and G Davies (eds), *Copinger & Skone James on Copyright*, 14th edn (1999), 105-119.

<sup>29</sup> Apart from computer programs (CDPA, s 79(2)(a)).

same time ...'.<sup>30</sup> In general, websites and webpages will be covered by several different copyrights: protection will be cumulative. The difficulty is the multi-media nature of the site or page viewed as a whole; is there a category appropriate to protect the totality from misappropriation by another?<sup>31</sup> The digital medium in which all works on the Internet are expressed has enabled the drawing together in what for the author and the user is a single work, regardless of the character of its components in the hard copy or analogue world, and categorisations based on these previously established forms are therefore hard to apply.<sup>32</sup> For example, while films can include sounds as well as moving images under the 1988 Act,<sup>33</sup> meaning that computer games can be protected under that head,<sup>34</sup> it is very doubtful whether images consisting purely of written text and/or still pictures can ever be treated as film, even if the reader is able to move the material around on her screen by use of scroll bars, cursors and other control mechanisms.<sup>35</sup>

The likeliest avenue for copyright protection of a whole website may now be through categorising it as a database. In UK law until recently, databases were thought to be protected as 'compilations'; but from 1 January 1998 the position was changed as a result of the implementation of the Database Directive 1996.<sup>36</sup> 'Compilation' now

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<sup>30</sup> *Electronic Techniques (Anglia) Ltd v Critchley Components Ltd* [1997] FSR 401 at 413. Laddie J continues: '...it is quite another thing to say that a single piece of work by an author gives rise to two or more copyrights in respect of the same creative effort.' In the case he decided that circuit diagrams containing both literary and artistic material was an artistic work. Contrast *Anacon Corporation Ltd v Environmental Research Technology* [1994] FSR 659 (Jacob J), followed in *Sandman v Panasonic* [1998] FSR 651; and see Cornish, *Intellectual Property*, para 10.04.

<sup>31</sup> This issue also arises with multi-media CD-Roms. See further Cornish, *Intellectual Property*, paras 13.60-13.67. A very full analysis of the issues is provided in I Stamatoudi, 'Multi-Media Products as Copyright Works', University of Leicester PhD, 1999.

<sup>32</sup> See further A Christie, 'Reconceptualising copyright in the digital era', [1995] 11 EIPR 522-530.

<sup>33</sup> CDP 1988, s 5B(2) and (5). This does not prevent the sound recording element having copyright in its own right.

<sup>34</sup> See *Sega Enterprises Ltd v Galaxy Electronics Pty Ltd* (1997) 145 ALR 21 (Fed Ct of Australia); *Golden China TV Game Centre v Nintendo Co Ltd* 1997 (1) SA 405 (A); Cornish, *Intellectual Property*, para 10.25, pointing out that the incorporated computer program will also have its own copyright as a literary work.

<sup>35</sup> Cf *WGN Continental Broadcasting Co v United Video Inc* 693 F.2d 622 (7th Circuit, 1982), where teletext accompanying a TV programme but broadcast from a different channel was held to be an audiovisual work.

<sup>36</sup> Parliament and Council Directive 96/9/EC, article 3(1), implemented in the UK by the Copyright and Rights in Databases Regulations 1997 (SI 1997/3032).

expressly does not include databases,<sup>37</sup> which are defined as collections of independent works, data or other materials arranged in a systematic or methodical way and individually accessible by electronic or other means. This definition means that, unlike traditional compilations, database protection is not confined to collections the basic form of which is written as distinct from other forms of expression (e.g. graphic), and can therefore more readily extend to multi-media material.

Further, to attract copyright, the database must be the author's own intellectual creation by reason of the selection or arrangement of its contents.<sup>38</sup> From this, it follows that the protection is offered to the selection and arrangement of the database, rather than to its contents as such, although the latter may attract copyright - or several copyrights - in their own right. The use of the phrase 'intellectual creation' also indicates that the selection and arrangement must show more than the traditional skill and labour which make compilations original. It is derived from the Continental tradition, which has always set a slightly higher standard of creativity for the admission of works to copyright protection. In the USA, the Supreme Court has departed from the American version of the requirement of skill and labour, the 'sweat of the brow' test, and added a need for a spark of creativity, denying copyright protection to a telephone directory as a compilation.<sup>39</sup> The 'intellectual creation' requirement seems likely to have a similar effect in excluding some compilations from protection as databases: thus the Dutch Supreme Court has held that the selection of words for a dictionary has no copyright unless it reflects a personal selection of the compiler.<sup>40</sup>

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<sup>37</sup> CDPA 1988, s 3(1)(a).

<sup>38</sup> CDPA 1988, s 3A. See also for use of this formulation Council Directive on the legal protection of computer programs 91/250/EEC, art 1(3); but in the implementation of this the UK did not see fit to use the phrase.

<sup>39</sup> *Feist Publications Inc v Rural Telephone Service Co*, 499 US 340; 111 S Ct 1282 (1991). See also *Tele-Direct Publications v American Business Information* (1997) 76 CPR (3d) 296 (Canadian Supreme Court).

<sup>40</sup> See *Van Dale v Romme* [1991] Ned Jur 608, [1994] Ned Jur 58, as cited by Cornish, *Intellectual Property*, para 10.10 n 44.

The definition of a database as a systematically arranged collection of independent works none the less seems very apt to include websites. Individual pages as well as material embodied therein could easily be seen as independent works in their own right, because each element is intended to be and is indeed used on its own; there is no *necessary* interaction between them.<sup>41</sup> These works are individually accessible to the user through the electronic means provided by her computer link to the Internet. The website's author has undoubtedly 'selected and arranged' its contents, unless it is simply a random storehouse of materials over which no control or personal selection has been exerted (as, perhaps with the entire Internet itself<sup>42</sup>), or where the method of control used has been a standard or common one. The author of such a collection could however seek protection from the additional, *sui generis* database right also introduced under the Database Directive. While the database must still be organised in a systematic or methodical way, the system or method need not be a personal intellectual creation;<sup>43</sup> the principal substantive ground for protection is a substantial investment in obtaining, verifying or preserving the contents of the database, and it is immaterial whether or not the database is also a copyright work, i.e. is an intellectual creation of the compiler in its selection or arrangement.<sup>44</sup> Database right prohibits unauthorised extraction<sup>45</sup> from or re-utilisation<sup>46</sup> of all or a substantial part of the database, lasting for fifteen years from its making.

Another avenue of approach to the problem of protecting websites was suggested in the *Shetland Times* case, which focused on the applicability of the concept of a cable

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<sup>41</sup> Contrast films, which are not databases because there *is* interaction between script, music, sound recordings and the moving images: see J Holyoak and P Torremans, *Intellectual Property Law*, 2nd edn (1998), 173-4, 506.

<sup>42</sup> Holyoak and Torremans, *Intellectual Property Law*, 507.

<sup>43</sup> So e.g. an arrangement of surnames in alphabetical order would attract database right.

<sup>44</sup> Copyright and Rights in Databases Regulations 1997, reg 13.

<sup>45</sup> This means 'in relation to any contents of a database, ... the permanent or temporary transfer of those contents to another medium by any means or in any form' (Copyright and Rights in Databases Regulations 1997, reg 12(1)).

<sup>46</sup> This means 'in relation to any contents of a database, ... making those contents available to the public by any means' (Copyright and Rights in Databases Regulations 1997, reg 12(1)).

programme, in which the copyright is owned by the service provider.<sup>47</sup> The 1988 Act defines a cable programme as any item included in a cable programme service, which in turn is defined as a service consisting wholly or mainly in *sending* information by means of a telecommunication system, otherwise than by wireless telegraphy, for reception (a) at two or more places (whether or not simultaneously), *or* for presentation to members of the public. Excluded from this definition are two-way or inter-active communication systems, of which a very simple example is a telephone system.<sup>48</sup>

In *The Shetland Times* case, two main arguments were presented against the website being a cable programme service. One was that it did not involve *sending* information but rather allowed information to be accessed by members of the public. The other argument was that the service was two-way or inter-active, in as much as members of the public could communicate information to the site as well as receive it, and so fell outwith the definition of a cable programme service. Lord Hamilton rejected both these arguments, while noting that little technical information was available to him at this interim interdict stage. His rejection of a narrow approach to the word ‘sending’ used in the 1988 Act seems reasonable since, at the very least, a website operator enables the material to be sent. The inter-activity point is more difficult. It is necessary to quote the statutory exclusion in full:

The following are excepted from the definition of ‘cable programme service’ -

(a) a service or part of a service of which it is an essential feature that while visual images, sounds or other information are being conveyed by the person providing the service there will or may be sent from each place of reception, by means of the same system or (as the case may be) the same part of it, information (other than

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<sup>47</sup> CDPA 1988, ss 7 and 9(2)(c). Cable is to be distinguished from broadcasting, defined in the copyright legislation as ‘transmission by wireless telegraphy’. Since the Internet is for the moment dependent on the wires of the telecommunications system, transmission on the Internet is not broadcasting, and copyright protection is unavailable through this medium.

<sup>48</sup> CDPA 1988, s 7.



signals sent for the operation or control of the service) for reception by the person providing the service or other persons receiving it.

The possibility of inter-action between *The Shetland Times* website and its readers arose because the webpage included a note inviting comments or suggestions to be sent in by electronic mail. Indeed this note was itself a hypertext link moving the reader into an already addressed email template. It was argued that this facility entailed the possibility of communication going beyond 'the operation and control of the service' by the users. Lord Hamilton thought, however, that this was not an essential part of the service provided, or that it was at any rate a severable part of the service, and hence the exception did not apply. But, although the sub-section does talk about a need to show that inter-activity is an essential feature of the service, it only requires that *part* of the service be interactive, perhaps eliminating the notion of severability as a way of evading the exception. The sub-section is also quite clear that only *potential* for inter-activity is necessary - information '*will or may be* sent from the place of reception ... for reception by the person providing the service or other persons receiving it'. This analysis suggests that the really crucial word in the sub-section is 'essential', and it is on the meaning to be given to this word that Lord Hamilton's opinion will probably stand or fall in future. On the *Shetland Times* facts, it is submitted, the inter-activity was additional rather than essential to the service, and accordingly the site was capable of being a cable programme service.

A point which was not raised before Lord Hamilton, however, is whether anything on the website was a cable programme, even if the site was a cable programme service. The 1988 Act provides the rather inert definition of 'programme' as an item.<sup>49</sup> But it can be argued that in the context of broadcasting and cable transmission a 'programme' is an item with a content the sequence and length of which are determined by the provider, and that therefore, at least 'in the case of data bases or other interactive information services ..

as a result of the severed tie between a single component and its predefined position in a sequential order, these services no longer constitute ‘programmes’ in the traditional sense.<sup>50</sup>

However these arguments are eventually resolved, it may not often be necessary to characterise the whole of a website or a webpage in this way. Although the different categories of work are protected for different lengths of time under the copyright legislation, the periods are uniformly long (at least fifty years from production) and are unlikely to have much practical impact in the fast-moving world of multi-media and the Internet. Again, there are various kinds of infringement, but they generally apply in more or less the same way to each of the categories of work.<sup>51</sup> In other words, for practical purposes a cumulative approach will generally suffice.

There are some further points to be made about the copyright possibilities with regard to certain key elements of websites. A literary work must be ‘intended to afford either information and instruction or pleasure in the form of literary enjoyment’.<sup>52</sup> This has been taken to mean that in general a single word, or the title of a work, does not have copyright; similarly with advertising slogans consisting of stock phrases or commonplace sentences.<sup>53</sup> An Australian court has held that there is no copyright in the names of computer program commands, since they were merely ‘triggers’ for a set of instructions to be given effect by the computer.<sup>54</sup> This well-settled part of copyright law suggests that the phrases or key words used for hypertext links will not be protected in their own right. This was in issue in *The Shetland Times* case, where the *Times* home page used the newspaper

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<sup>49</sup> See also the definition of a programme as an ‘item’ for the purposes of broadcasting in CDPA 1988, s 6(3).

<sup>50</sup> T Dreier, ‘The cable and satellite analogy’, in Hugenholtz (ed), *Future of Copyright*, 57-65 at 58.

<sup>51</sup> A noteworthy exception to this has traditionally existed with infringement of literary and artistic copyright: with the latter, a two-dimensional work may be infringed by a three-dimensional one, whereas the former cannot be infringed by making an object in accordance with the work. No copyright is therefore infringed by making a nuclear bomb following website (or any other written) instructions on how to do so. See Cornish, *Intellectual Property*, para 11.24.

<sup>52</sup> *Exxon Corporation v Exxon Insurance Consultants International Ltd* [1982] Ch 119.

<sup>53</sup> *Stair Memorial Encyclopaedia*, vol 18, para 951, gives the authorities.

<sup>54</sup> *Powerflex Services Pty Ltd v Data Access Corporation*, (1996) 137 ALR 498 (Fed Ct of Australia); affirmed by the High Court of Australia 30 Sept 1999 ([2000] EIPR N-1, [2000] 14(1) WIPR 3).

headlines as links to the material deeper within the site, and the headline texts were then taken up by *The Shetland News* to act as the links on to the *Times* stories. But, surprisingly, Lord Hamilton held that the headline texts had copyright, so that the actions of the *News* in copying them for reproduction on its own website was an infringement. In defence of Lord Hamilton's view, the creation of a headline does involve skill and labour, in that the reader's attention has to be attracted, information about the relevant item conveyed, and (at least in the case of the tabloid press, which much favours punning and jokey headlines) entertainment provided. But the protection of such a work, if any, must be very 'thin', given the necessarily limited scope of the genre,<sup>55</sup> and it is unlikely to extend to the typical hypertext link. More difficult might be the question of slightly more elaborate texts, such as notes on what will be found through using a link, or material on help menus and the like.

#### OWNERSHIP RIGHTS

The discussion so far has established that the creator of a website is very likely to enjoy copyright protection in some aspect or other should she wish to use it. In this section we turn to examine what rights the owner of the website copyrights has as a result; or, putting it another way, what acts are prohibited to a user unless authorised, expressly or impliedly, by the copyright owner or by law through the exceptions to copyright. However, it is also useful to consider the position if the creator of the website has infringed someone else's copyright in assembling the site.

Under the Copyright, Designs and Patents Act 1988 as amended there are now six major exclusive rights arising from ownership of the copyright in any protected work. The restricted acts for which a licence must be sought if they are to be lawfully carried out by a person other than the copyright owner may be listed as follows:<sup>56</sup>

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<sup>55</sup> By 'thin', I mean that not very much variation from the first work would be required to evade a charge of infringement.

<sup>56</sup> CDPA 1988 s 16(1).

- copying
- issuing copies of the work to the public
- renting or lending the work to the public
- performing, showing or playing the work in public
- broadcasting the work or including it in a cable programme service
- making an adaptation of the work

In addition, a person who without right to do so authorises another to do any of the above acts is himself an infringer as well.<sup>57</sup> Acts of infringement may be in relation to the whole of the work or to any substantial part of it; and measuring the substance of what has been taken ‘depends much more on the quality than on the quantity of what he has taken’.<sup>58</sup> It follows, of course, that if the act can be shown to have been in relation to an insubstantial part of a work there is no infringement, and the act was one which the actor had a perfect right to do.

What effect do these various forms of exclusive owner rights have in relation to activities on the Internet? An important point of which we need to remind ourselves is that in practical terms copyright is useless to its owner unless others want to perform the various restricted acts, whereupon it becomes the basis upon which a bargain may be struck between the two sides. It may be that the owner has no wish to bargain, and expressly or impliedly gives *carte blanche* to users; but for the reasons already discussed in the introduction, this will not always be the case. It certainly cannot be assumed that by the very act of putting material on the Internet the owner has yielded up all claims made possible by copyright. Comment here is restricted to those owner rights which appear particularly pertinent to the Internet.

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<sup>57</sup> CDPA 1988 s 16(2).

## Copying

Only the author and her licensees and successors in title can make copies of her work. The 1988 Act tells us that copying in relation to literary, dramatic, musical and artistic works means reproduction of the work in any material form, and includes storage of the work in any medium by electronic means.<sup>59</sup> It is also provided that copying in relation to any category of work (i.e. this time extending to the media copyright works) includes the making of copies that are transient or incidental to some other use of the work.<sup>60</sup> This is generally accepted as covering the loading of software into a computer's RAM and can therefore be readily extended to the browser on the Internet who calls up a webpage on her computer screen. Theoretically it also covers the reproduction which occurs on the various computers and servers through which the webpage travels as it threads its way across the networks to the user's machine, although if this is not allowed it has the remarkable result that the technical basis of the operation of the Internet itself is illegal.

The concept of transient reproduction also embraces activities such as proxy server caching, where by deploying appropriate software technology Internet service providers, librarians, archivists and others make and store on their own servers temporary and regularly updated copies of materials contained on other servers with the purpose of making the information more readily available to their own clients by avoiding congestion at the 'live' site.<sup>61</sup> Such operations may also amount to the infringing act of storage by electronic means.

There seems to be no doubt, therefore, that under the present UK law browsing and caching are infringements of copyright unless either there is some form of licence for

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<sup>58</sup> CDPA 1988 s 16(3)(a); *Ladbroke (Football) Ltd v William Hill (Football) Ltd* [1964] 1 WLR 273 at 276, HL, per Lord Reid.

<sup>59</sup> CDPA 1988 s 17(2).

<sup>60</sup> CDPA 1988 s 17(6).

<sup>61</sup> For a useful note on caching by the Global Internet Project, see <http://www.gip.org/caching.htm>. See also C Barlas, P B Hugenholtz and A E Burke, *The Digital Intellectual Property Practice Economics Report (The Dipper Report)* (Esprit Project No 29238, 2000).

that act, or they can be brought under one of the statutory permitted acts.<sup>62</sup> It has been said in relation to browsing that this is akin to making it infringement of copyright to read a book,<sup>63</sup> but it appears to be also the law in the USA (at least in relation to the maintenance of software), although apparently not clearly so in some of the countries of Continental Europe.<sup>64</sup> In consequence, the Software and Database Directives both contained explicit statements that transient reproduction infringed the copyright in their respective subject matters.<sup>65</sup>

Since downloading material from a website leads to the production of a fixed and not transient copy, whether in digital form to one's own computer or floppy disk, or as hard copy by way of a printout, it is more readily recognised in most legal systems as an infringing reproduction. Further, recalling the *Shetland Times* decision that a website item can be a cable programme, copying in relation to such a work includes making a photograph of the whole or any substantial part of any image forming part of the programme.<sup>66</sup> Photographs are widely defined in the UK Act,<sup>67</sup> and a downloaded image, whether printed or electronically stored, would be caught.

### **Issuing copies of the work to the public**

Section 18 of the 1988 Act in effect defines issuing to the public as putting copies into circulation for the first time.<sup>68</sup> It is sometimes described as the right of first sale or of distribution. Only the copyright owner or his licensee can put a new reproduction of the

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<sup>62</sup> A licence may of course be readily implied in the case of the browser, given that material placed on the Internet is presumably there to be accessed; *sed quaere* caching and mirroring. On implied licences and statutory exemptions, see further below, 000-000.

<sup>63</sup> See e.g. J Litman, "The exclusive right to read", (1994) 13 *Cardozo Arts & Entertainment Law Journal* 29 (also available at <http://www.msen.com/~litman/read.htm>).

<sup>64</sup> See *Mai Systems Corporation v Peak Computer Inc* 991 F 2d 511 (9th Cir 1993), cert dismissed, 114 S Ct 671 (1994) and Title III of the Digital Millennium Copyright Act 1998 for the USA; and for comment on the lack of clarity in Europe see P Bernt Hugenholtz, 'Adapting copyright to the information superhighway', in *idem*, *Future of Copyright*, 81-102 at 88-89.

<sup>65</sup> Software Directive, art 4(a); Database Directive, art 5(a).

<sup>66</sup> CDPA 1988 s 17(4). For the definition of a photograph, see s 4(2).

<sup>67</sup> CDPA 1988, s 4(2): 'a recording of light or other radiation on any medium on which an image is produced or from which an image may by any means be produced, and which is not part of a film.'

work on the market. The right is exhausted by the initial sale, however; the second-hand bookseller does not require copyright licences in order to carry on business.

The 'on demand' transmission characteristic of the Internet does not look much like the issue of copies to the public, although it might be seen as a form of 'circulation'. This is because section 18, unlike section 17 which deals with copying, makes no reference to the notion of a 'transient copy'; the copies required for the purposes of section 18 may therefore be limited to those which are non-transient, which would go beyond mere 'on demand' transmission. If so, it would then follow that the user who accesses material and passes it on to another is not guilty of infringement under this section so long as the transmission is electronic. But if these difficulties can be overcome, and initial accession be described as the issue of a copy to a member of the public, the question still arises whether the principle of exhaustion applies so that what a party accessing a website does subsequently by way of further electronic transmission is within her rights just as she would be free to sell on the second-hand market a book which she had been the first to acquire from the publisher.<sup>69</sup>

### **Rental or lending of a work to the public**

Rental is making a copy of a work available for use, on terms that it will or may be returned, for direct or indirect economic or commercial advantage.<sup>70</sup> The familiar example is the video or computer game rental, but following the Rental Right Directive of 1992<sup>71</sup> most forms of copyright work are now subject to this right. Lending right, an innovation of the Directive, is similarly defined, save that the restricted act is one performed otherwise than for direct or indirect economic or commercial advantage, and is

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<sup>68</sup> CDPA 1988 s 18.

<sup>69</sup> See further Hugenholtz, 'Adapting copyright', 95-98.

<sup>70</sup> CDPA 1988 s 18A(2)(a).

<sup>71</sup> Council Directive 92/100/EEC.

carried out through an establishment which is accessible to the public.<sup>72</sup> Thus a public library's lending activities now require a copyright licence unless the book lent is within the Public Lending Right scheme set up in 1979.<sup>73</sup> Rental and lending do not cover making copies available for the purpose of performance, showing, playing or exhibiting in public, or for the purpose of on-the-spot reference use.<sup>74</sup> Are rental and lending rights applicable to Internet activities?<sup>75</sup> There are again difficulties with the concept of a copy, which is what must be made available, and this is underlined by the need for an expectation that the copy will be returned. This is difficult to square with the ordinary usages of the Internet. For rental some sort of economic or commercial advantage is necessary, while for lending there must be an establishment accessible to the public. It is less difficult, but still not easy, to see these in normal Internet services. Finally the browser or surfer on the Internet may be making 'on-the-spot reference use' of the service, which would mean that the provider was not engaging in rental or lending activities.

### **Public performance, showing or playing**

The public performance right is restricted to literary, dramatic and musical works, and is particularly important for the exploitation of music and drama for obvious reasons. There is no reason why the script or score of a dramatic or musical work should not appear on a website, but more typically a webpage will incorporate a purely literary work. For the purposes of the 1988 Act, a performance covers any mode of visual or acoustic presentation, including by means of a cable programme.<sup>76</sup> There is nothing in this language to prevent an unauthorised display on a computer screen of the text of a literary

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<sup>72</sup> CDPA 1988 s 18A(2)(b).

<sup>73</sup> CDPA 1988, s 40A. Note however that the library of an educational establishment is generally exempted from lending right: CDPA 1988 s 36A.

<sup>74</sup> CDPA 1988 s 18A(3).

<sup>75</sup> For discussion see J Reinbothe and S von Lewinski, *The EC Directive on Rental and Lending Rights and on Piracy* (1993), 41-42. Cf Hugenholtz, 'Adapting copyright', 90.

<sup>76</sup> CDPA 1988, s 19(2)(b).



work being a ‘performance’ of that work, provided that it takes place ‘in public’.<sup>77</sup> In the case of sound recordings, films, broadcasts and cable programmes, the equivalent form of infringement is playing or showing the work in public.<sup>78</sup>

What will prevent this form of infringement being of much relevance to the Internet, at least in its present pattern of usage, is the fact that most displays of material do not take place in public. But it is important to be aware that the definition of ‘public’ for this particular copyright purpose is quite wide. ‘To be in public a performance does not have to be to a paying audience or by paid performers.’<sup>79</sup> There has to be an audience for the performance, and the critical question is the relation between the copyright owner and that audience, ‘emphasising the primacy of the owner’s entitlement to an economic return from his proprietary rights’.<sup>80</sup> Traditionally the audience has been grouped together in some place where members of the public may gather, such as a theatre, a club, a shop or a place of work. But it is no longer clear that a gathering in one place is a necessary condition for performance in public. Thus in recent times, it has been held in Australia that playing recorded music ‘on hold’ to users of mobile telephones was ‘in public’ even though the distribution of the material was not necessarily, or even very often, simultaneous for each member of the audience.<sup>81</sup> The Spanish Supreme Court has also held that non-simultaneous transmissions of copyright material to different persons in individual hotel bedrooms require copyright licences.<sup>82</sup> The impact of decisions like these is most likely to be felt, not by the individual user accessing a website from a personal

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<sup>77</sup> As might also occur with an overhead projector which displays documents laid on its glass paten.

<sup>78</sup> CDP 1988, s 19(3).

<sup>79</sup> Cornish, *Intellectual Property*, para 11.33.

<sup>80</sup> *Ibid.*

<sup>81</sup> *Telstra Corporation Ltd v Australasian Performing Right Association Ltd* (1997) 191 CLR 140 (High Ct of Australia).

<sup>82</sup> *SGAE v Hotel Blanco Donj.SA*, 11 Mar 1996, [1997] 1 EIPR D-21. Interestingly Spain is one of the few countries prior to the implementation of the Database Directive with express provision that ‘public access to computer databases by means of telecommunication’ is infringement where the database incorporates or constitutes a protected work. Cf *AKM v X*, Supreme Court of Austria, 16 June 1998, [1999] EIPR N-1, holding that a hotel’s distribution of satellite TV programmes by a collective antenna system was not an infringing broadcast or public performance.

computer, but by the website operator who has incorporated other people's copyright material on his site, and could therefore be seen as performing or playing or showing that material. The fact that the members of the audience would be quite unaware of each other, and joining and leaving the audience at various times, would not seem to be relevant. There does appear to be a statutory defence if needed for Internet service providers and website owners in section 19(4), however:

Where copyright in a work is infringed by its being performed, played or shown in public by means of apparatus for receiving visual images or sounds conveyed by electronic means [*computer on modem or network?*], the person by whom the visual images or sounds are sent ... shall not be regarded as responsible for the infringement.

### **Broadcasting or inclusion in a cable programme service**

Neither accessing a website nor incorporation of other people's copyright material thereon can constitute broadcasting, since as already noted broadcasting is a wireless technology.<sup>83</sup> But 'inclusion in a cable programme service', was the second basis for the interim interdict in the *Shetland Times* case. A question which may be asked, however, is whether enabling a user of one website to link to another site means that the second is 'included' within the other, or whether there are simply two connected but otherwise independent sites, the appropriate analogy being perhaps with footnotes or bibliographies or 'further reading' lists in a printed text. It has been suggested that the concept of inclusion is apt to catch the situation where one website is linked to another but the first continues in view on screen by way of a 'frame' around the image from the second site.<sup>84</sup>

### **Authorisation: Internet service provider liability**

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<sup>83</sup> See above, n 47.

Authorisation of another to infringe is itself infringement.<sup>85</sup> The courts have defined authorisation as meaning sanctioning, approving, or countenancing, where there is authority or control over those who actually infringe.<sup>86</sup> This form of liability has obvious importance for the commercial Internet service providers, universities, and other bodies which set up the facilities on which infringing Internet activity takes place. Can such bodies be liable for infringing use of the facilities as authorising it to take place? The general answer is probably in the negative so far as the UK is concerned. Commercial libraries renting out sound recordings and manufacturers of double-headed audio tape decks have been held not liable despite the fact that their services and products rendered infringement easy and probable.<sup>87</sup> Two crucial factors in these cases were that lawful activity was possible with the facilities provided, and that the defendants had given express warnings to customers against use for infringing copying. By contrast, a university which provided photocopying facilities for staff and students in its library was found to have authorised infringement because it had taken no such steps to deter such activity.<sup>88</sup> The appropriate 'belt and braces' action for those who provide Internet facilities such as the Napster indices, or machinery such as the Rio MPMan player,<sup>89</sup> which enable members of the public to use and enjoy material obtained from the Internet, therefore appears to be ensuring that users are made aware of the existence of copyright and warned against its abuse, whether in putting material on to the service or downloading it.

Situations in which service providers and site operators might be liable for authorisation of infringement may appear from consideration of the substantial body of US case law before the Digital Millennium Copyright Act 1998 (for which see further below),

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<sup>84</sup> Holyoak and Torremans, *Intellectual Property Law*, 515; and see above, 000.

<sup>85</sup> CDPA 1988 s 16(2).

<sup>86</sup> *Stair Memorial Encyclopaedia*, vol 18 para 1067.

<sup>87</sup> *CBS Inc v Ames Records and Tapes Ltd* [1982] Ch 91; *CBS Songs Ltd v Amstrad Consumer Electronics plc* [1988] AC 1013.

<sup>88</sup> *Moorhouse v University of New South Wales* [1976] RPC 151 (High Ct of Australia).

<sup>89</sup> Cf *Recording Industry Association of America Inc v Diamond Multimedia Systems Inc*, 180 F.3rd 1072 (9th Circuit Court of Appeals, 15 June 1999), <http://laws.findlaw.com/9th/9856727.html>, (above, 000).

which focuses upon the equivalent concept of contributory infringement. In *Religious Technology Center v Netcom On-Line Communication Service*,<sup>90</sup> for example, it was held that a service provider could be liable as a contributory infringer if it knew or ought to have known that infringement was taking place on its system, and if simple steps to prevent this were not taken. But the court did provide some comfort for providers and operators in holding that the claim of primary infringement had to be reasonably verifiable by them before they could be held to have failed to act.<sup>91</sup> In *Sega Enterprises Ltd v Maphia*<sup>92</sup> and *Sega Enterprises v Sabella*,<sup>93</sup> specific findings of contributory infringement were made against bulletin board operators on the basis of knowledge of and participation in the primary infringing activities (copying video games) by provision of facilities, solicitation of unauthorised uploading by subscribers, the provision of 'road maps' on the bulletin board to identify games available for downloading, and the sale of copiers to facilitate the playing of the downloaded games. Despite the caution with which the British courts have handled this particular form of infringement, there can be little doubt that, confronted with similar facts, they would find authorisation of infringement to have taken place. The Napster cases,<sup>94</sup> where the company provided users with indexes of Internet locations of music files, enabling them to download and share the material, seems more marginal from a British perspective, as does one decided by a District Court in Utah when it found contributory infringement in the posting (as distinct from hyperlinking) of web addresses on a site which enabled users to reach other sites on which there was infringing material.<sup>95</sup>

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<sup>90</sup> 907 F Supp 1361 (ND Cal, 1995).

<sup>91</sup> A similar approach is apparent in the judgment of the District Court of The Hague in *Church of Spiritual Technology v Dataveb BV*, 9 June 1999, available in English at <http://www.xs4all.nl/%7Ekspaink/cos/verd2eng.html>.

<sup>92</sup> US District Court for the District of Northern California, 16 Dec 1996 (<http://www.bna.com/e-law/cases/sega2.html>).

<sup>93</sup> US District Court for the District of Northern California, 18 Dec 1995 (<http://www.bna.com/e-law/cases/sega1.html>).

<sup>94</sup> See above, 000.

<sup>95</sup> See <http://www.nytimes.com/library/tech/99/12/cyber/cyberlaw/10law.html>.

It remains to be seen what will be the impact on the picture just given of various pieces of legislation, actual and proposed, around the world dealing generally with the issue of on-line service liability.<sup>96</sup> In Germany the Teleservices Act 1997 exempts Internet service providers from responsibility for third party content unless they have knowledge of it and are technically able and can reasonably be expected to block its use.<sup>97</sup> In the USA, the Digital Millennium Copyright Act 1998 exempts the service provider from liability where it has no knowledge or information about the infringing material in its system, acts expeditiously to remove or block access to material when knowledge or information comes to hand, does not receive any financial benefit directly attributable to the infringing material, and complies with certain ‘notice and take-down’ provisions of the Act enabling copyright owners to require the service provider to remove or block access to infringing material.<sup>98</sup> The Directive on electronic commerce in the European Union<sup>99</sup> also sets out an exemption from liability for intermediaries where they play a wholly passive role as mere conduits of information from third parties.<sup>100</sup> It limits service providers’ liability for other activities such as the storage of information provided by recipients of the service and at their request (hosting), so long as the provider does not know of the illegal activity, is unaware of facts and circumstances from which illegal activity is apparent, and acts expeditiously to remove or disable access upon learning or becoming aware of the activity.<sup>101</sup> There is explicitly no obligation actively to screen or monitor third party content.<sup>102</sup>

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<sup>96</sup> Note however that the UK Government’s Electronic Communications Act 2000 contains no provisions on ISP liability. On the whole subject, see further the contribution of Lilian Edwards to this volume.

<sup>97</sup> In April 2000 the state court of Bavaria held America On Line Germany, an ISP, liable for copyright infringements committed on websites located on its servers: *The Independent*, 13 April 2000.

<sup>98</sup> 17 USC, Title II. Napster’s attempts to argue that it was entitled to the benefit of these ‘safe harbour’ provisions as an Internet service provider seem to have been unsuccessful (above, 000).

<sup>99</sup> See now European Parliament and Council Directive on certain legal aspects of Information Society services, in particular electronic commerce in the Internal Market, Directive 2000/31/EC, 8 June 2000.

<sup>100</sup> Art 12. See further discussion on Arts 12-15 in Edwards, Chapter X, pp XX-XX.

<sup>101</sup> See Art 14 (hosting); Art 13 (caching) is dealt with more fully below, 000-000.

### **Technological measures of protection**

One of the ways in which rightholders have sought to deal with the problems posed by the ease of copying digital material has been the deployment of anti-copying technology within the material: for example, copy protection, encryption and digital ‘watermarking’.<sup>103</sup> In the context of the Internet and e-commerce, such technical barriers have an even greater importance as the means by which the user or customer may be compelled to pay in order to gain unfettered access to the work. The Copyright, Designs and Patents Act 1988 supports the use of such protective measures by making it equivalent to infringement of copyright for a person to manufacture or deal in a device ‘specifically designed or adopted to circumvent’ copy-protection, provided that he knows or has reason to believe that the device will be used to make infringing copies.<sup>104</sup>

## USER RIGHTS

### **Implied licence**

Copyright creates a regime in which certain acts may be carried out only with the permission - licence - of the rightholder. There is no requirement in UK copyright legislation that non-exclusive licences should be in writing.<sup>105</sup> ‘Express consent [of the copyright owner] is not necessary and a licence may be implied from the dealings between the parties.’<sup>106</sup> Given the nature of the Internet, it seems highly probable that a person who puts material on a website is consenting to its being accessed by users of the system, so nullifying the infringement by transient reproduction which would otherwise arise under UK law.<sup>107</sup> But it is much less clear that caching of one’s site by another can be treated as impliedly licensed by merely putting it on the Internet, and there are also questions about

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<sup>102</sup> Art 15.

<sup>103</sup> See *Digital Dilemma*, ch 5, for discussion.

<sup>104</sup> CDPA 1988, s 296.

<sup>105</sup> For exclusive licences, which do require writing, see CDPA 1988, s 92.

<sup>106</sup> Laddie, Prescott and Vitoria, para 14.12.

whether access by means of hypertext links, as in *The Shetland Times* case, or through the use of search engines, can be legitimised in this way.<sup>108</sup> In particular, does the creator of a website impliedly license the producers of search engine databases to add her site to that database, thus making it easier for users to access with their implied licence? In *British Leyland v Armstrong Patents Co Ltd*,<sup>109</sup> the issue was the right of the defendants to mass-produce and supply spare parts for cars, the design of which was (as the law then stood) the copyright of the plaintiff car manufacturers. When the case began, owners of cars and other goods were thought to have an implied licence to infringe this copyright for the purpose of repairing their property. The defendants argued that this licence extended to their activities, to enable owners to exercise their rights efficiently. The argument that the implied licence could stretch to third parties was rejected both at first instance and in the Court of Appeal,<sup>110</sup> because the defendants manufactured the parts before receiving any particular commission from customers. Such reasoning would seem clearly applicable also to the work of the creators of the search engine as providers of a service to third parties; on the other hand, the creation of a website which was not accessible through search engines would limit its effectiveness drastically.

Returning to the user's implied licence, can it go beyond access to cover other otherwise infringing acts, such as printing out or downloading material? This is more debatable, although again well-established practice might mean that, in the absence of express prohibition or security measures by the website operator, such activities should normally be treated as authorised. An Australian case, *Trumpet Software Pty Ltd v OzEmail Pty Ltd*,<sup>111</sup> shows how far a court may be prepared to go with the concept of an implied licence. The defendants were held entitled to bundle the plaintiffs' software with their

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<sup>107</sup> See above, 000.

<sup>108</sup> Note however that in its decision of 29 June 1999 the OLG Düsseldorf (above, n 13) held that publishing a website in general implied consent to linking from other sites.

<sup>109</sup> [1986] RPC 279.

own and distribute it commercially over the Internet against the plaintiffs' wishes, because the software had been originally marketed as 'shareware', that is, as available for free use and reproduction. This has obvious significance for the Internet because so many of those putting material up believe it to be a community rather than an area of sharply defined and fenced property rights. But the Australian court did draw limitations upon the implied licence, holding that the redistribution was only to be of the entire software, without any adjustment to the original product. It would seem plausible to suppose in the light of this that, while a website may well be subject to an implied licence for private access, downloading and printing, this will not extend to dissemination of the material in another form (e.g. hard copy publication), especially for commercial gain or advantage. Nor should it extend to the obtaining of copyright material without express licence by way of, although not from, a website, as in the MP3.com and Napster cases.

### **Fair dealing**

The Copyright, Designs and Patents Act 1988 makes extensive and detailed provision by which various specified acts which would otherwise fall within the scope of the infringement rules are made lawful.<sup>112</sup> Such acts therefore do not require any licence from the copyright owner. In this there is a contrast with US law, which provides a general 'fair use' defence covering purposes 'such as' criticism, comment, teaching, scholarship and research, and indicating that factors to be taken into account 'include' such matters as whether the use is of a commercial nature or for non-profit educational purposes, the amount and substantiality of the portion used in relation to the whole work, and the effect of the use upon the market or value of the copyright work.<sup>113</sup> There is also, as already

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<sup>110</sup> The House of Lords criticised the use of the concept of implied licence to justify repair by the owner, and took repair to be a right which needed no licence of any kind from the copyright owner.

<sup>111</sup> [1996] 18(12) EIPR 69.

<sup>112</sup> CDPA 1988, ss 28-76.

<sup>113</sup> Copyright Act 1976, s 107.



noted,<sup>114</sup> a contrast with Continental laws, which tend to exclude private copying from the scope of copyright, although a concomitant in many of these systems is levies on blank audio cassettes and reprography, the proceeds from which are routed back ultimately to copyright owners via their collecting societies.<sup>115</sup>

There has been little discussion in Britain to compare with the US debate as to whether fair dealing rules merely provide defences to claims of infringement or are free-standing user or public rights. As observed in a recent US report:

The difference matters, for both theoretical and pragmatic reasons. If fair use is an affirmative right, for instance, then it ought to be acceptable to take positive actions, such as circumventing content protection mechanisms (e.g. decoding an encrypted file), in order to exercise fair use. But taking such positive actions may well be illegal under the regime of fair use as a defense.<sup>116</sup>

There has also been little British discussion of whether the fair dealing provisions to be discussed below prevail over contrary contractual provision, contained for example in a copyright licence. Cornish remarks that ‘it has generally been assumed in British and other copyright systems that exceptions [to copyright] do have this character’.<sup>117</sup> Following the case of *ProCD v Zeidenberg*<sup>118</sup> and the passage in 1999 of what is now the Uniform Computer Information Transactions Act, however, the matter has become controversial in the USA,<sup>119</sup> leading inevitably to discussion, as yet inconclusive, on the other side of the Atlantic.<sup>120</sup>

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<sup>114</sup> See above, 000.

<sup>115</sup> See e.g. the French Intellectual Property Code of 1 July 1992, L122-5, L211-3, L212-10, and L311; and German Copyright Act 1965, §§ 53, 54 and 54a-h.

<sup>116</sup> See *Digital Dilemma*, 5. For further discussion of fair use see *ibid*, ch 4, and conclusions at 213-5.

<sup>117</sup> Cornish, *Intellectual Property*, para 13.86.

<sup>118</sup> 86 F.3d 1447 (7th Cir, 1996).

<sup>119</sup> See P Samuelson and K Opsdahl, ‘The tensions between intellectual property and contracts in the information age: an American perspective’, in F W Grosheide and K Boele-Woelki (eds), *Molengrafica: Europees Privaatrecht 1998* (1999).

*(a) Research and private study*

Probably the most obviously significant permitted act for users of websites under the 1988 Act is fair dealing with a literary, dramatic, musical or artistic work (but not computer programs or media works), which is for the purposes of research or private study. The exemption would appear clearly applicable to the user of a website making hard or electronic copies of the material she finds there; but how much can be taken? Parliament has resisted publishing lobbies seeking a quantifiable measure of how much of a work may be copied or used under this exemption, and it remains arguable that in some circumstances the whole of a work may be taken. Can the operator of a website use the research and private study exemption to justify putting up on her site the copyright works of others? In the French cases about the unauthorised inclusion of the poetry of Raymond Queneau on websites, it was held that a website unprotected by security devices and open to any visitor was in the public domain and that the copying involved in its creation could not be justified by the general exemption in French law for private reproduction.<sup>121</sup> UK law has no general saving for private use, and it seems likely that a British court would reach the same conclusion as the French one, albeit by the route that the private study exemption applies only to one's own study and not to making private study possible for third parties.<sup>122</sup> Admittedly, in the British cases the copier was supplying the copied material in the course of business, while a website producer might well not be earning any financial return from her activities; but the court would likely be concerned about the probable damage to the earnings of the copyright owner and so deem the activity unfair. The rule that the exemption does not apply to one whose copying makes private study and research possible for others would seem to eliminate any

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<sup>120</sup> See L. Guibault, "Pre-emption issues in the digital environment: can copyright limitations be overridden by contractual agreements under European law?", in *ibid*, and further, below, 000.

<sup>121</sup> French Intellectual Property Code of 1 July 1992, L122-5.

<sup>122</sup> *University of London Press Ltd v University Tutorial Press Ltd* [1916] 2 Ch 601; *Sillitoe v McGraw-Hill Book Co (UK) Ltd* [1983] FSR 545.

possibility that this exception could be used by those who provide materials by way of proxy server caches, and British courts would also probably agree with the New York decision that it was not fair use for MP3.com to copy CDs into MP3 format to enable them to be accessed by Internet customers who were lawful users of the CDs.<sup>123</sup>

*(b) Criticism or review*

Fair dealing for purposes of criticism or review also exempts from charges of copyright infringement.<sup>124</sup> In an American case about posting the published and unpublished works of L Ron Hubbard on a bulletin board, the party who made the posting was held unentitled to a fair use defence although he had added to the texts some criticisms of Hubbard's doctrines, in consequence of the very small amount of commentary compared to the quantity of copied text.<sup>125</sup> There is a parallel case in the UK, also involving the unauthorised publication (although in a traditional rather than an electronic medium) of Hubbard's works with some critical commentary thereupon. But the Court of Appeal found that the criticism made the taking of substantial extracts of the copyright material fair dealing.<sup>126</sup> In *Pro Sieben Media AG v Carlton UK Television Ltd*<sup>127</sup> the Court of Appeal held that the extent of use was relevant in considering fair dealing, but that relevance would depend on the circumstances of each case. Most important was the degree of competition, if any, between the two works in question. The mental element of the user was of little importance, so that a sincere belief that one was being critical in one's handling of the previous work would not be enough to make out the defence. However, the court

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<sup>123</sup> *UMG Recordings Inc and others v MP3.com Inc*, US District Court, SDNY (Rakoff J), 4 May 2000, <http://www.nysd.uscourts.gov/courtweb/pdf/00-04756.pdf>. The logic would also seem applicable to the activities of Napster.

<sup>124</sup> CDPA 1988 s 30.

<sup>125</sup> *Religious Technology Center v Lerma*, US District Court for the Eastern District of Virginia, 4 Oct 1996 (<http://www.bna.com/e-law/cases/lerma.html>). In similar circumstances in *Religious Technology Center v Netcom On-Line Communication Service* 907 F Supp 1361 (ND Cal, 1995), however, the court held that Netcom, a service provider, might have a valid fair use defence.

<sup>126</sup> *Hubbard v Vosper* [1972] 2 QB 84 (CA). I fell into error in describing the outcome of this case in the previous version of this article.

emphasised that the phrase ‘criticism or review’ was of wide and indefinite scope and should be interpreted liberally.

*(c) Reporting current events*

The Court of Appeal in *Pro Sieben* also directed its last comment above at the third form of fair dealing, namely, reporting current events. *Hyde Park Residence Ltd v Yelland*<sup>128</sup> was concerned with the unauthorised publication by *The Sun* in September 1998 of CCTV photographs of Princess Diana and Dodi al-Fayed, taken on the day of their deaths on 31 August 1997 at the former mansion of the Duchess of Windsor. Jacob J held that the one-year gap in time did not prevent these events continuing to be ‘current’, given the continuing publicity about the visit arising from statements made two days before the publication in question by Mohammed al-Fayed, tenant of the mansion and, through a security company which he controlled, owner of the copyright in the photographs. This ‘liberal’ approach to the definition of current events was accepted by the Court of Appeal, even although *The Sun’s* actual use of the photographs was held not to be fair dealing because the falsity of Mr al-Fayed’s statements was already public knowledge and the spread given to material itself dishonestly obtained and hitherto unpublished was excessive. In another case having some significance for those who gather and store information from the Internet, such as librarians and archivists, it was held that a company which ran a daily programme of circulating and distributing amongst its executives copies of newspaper cuttings provided by a licensed cuttings agency could maintain that this was fair dealing for the purpose of reporting current events.<sup>129</sup>

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<sup>127</sup> [1999] FSR 610 (CA).

<sup>128</sup> [1999] RPC 655 (Jacob J); [2000] TLR 104 (CA). A full transcript of the judgments can be found on the Smith Bernal Casetrack website: see in particular paras 32, 40 (Aldous LJ, with whom Stuart-Smith LJ agreed), and 77-78 (Mance LJ).

<sup>129</sup> *Newspaper Licensing Agency v Marks and Spencer plc* (CA), *The Times* 15 June 2000, rev’g [1999] TLR 60 (Lightman J). The Court of Appeal held that in any event there had been no infringement by the defendants, since what was copied was not a substantial part of the original copyright work (the typographical arrangement of the *whole* newspaper, as distinct from the articles copied).

### **Education, libraries and archives**

The limited scope of the permitted acts bears particularly harshly upon activities within educational establishments.<sup>130</sup> Sir Ron Dearing's 1997 report on the future of higher education in the UK argued strongly for greatly expanding the use of information technology in the sector, commenting that 'there must be provision for the free and immediate use by teachers and researchers of copyright digital information',<sup>131</sup> and recommending a review of copyright legislation to facilitate this. Such a sweeping exemption would run counter to the British tradition in this area (and indeed the Government has taken no action on the recommendation); but it would find some support in, for example, US and German legislation.<sup>132</sup>

The 1988 Act also contains very detailed provisions exempting certain activities of libraries and archives from the scope of copyright infringement. Speaking very broadly, these provisions enable libraries and archives prescribed by the Secretary of State to supply readers with a single copy of published literary, dramatic or musical material for the purposes of private study or research, provided that the reader pays a sum not less than the cost attributable to producing the copy.<sup>133</sup> The exemption is undoubtedly geared to a world of hard rather than electronic copies, and would not seem readily applicable to making Internet material available, or storing it in advance of a specific demand, via a proxy cache on the computers or servers in the library or archive.<sup>134</sup>

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<sup>130</sup> See apart from sections already cited CDPA 1988 ss 32-36; Cornish, *Intellectual Property*, paras 13.09-13.23.

<sup>131</sup> National Committee of Inquiry into Higher Education (Chairman Sir Ron Dearing), *Higher Education in the Learning Society* (1997), para 13.34; and see Recommendation 43.

<sup>132</sup> See US Copyright Act § 107 ('nonprofit educational purposes'); German Copyright Act 1965 § 53.

<sup>133</sup> CDPA ss 37-44; Copyright (Librarians and Archivists) (Copying of Copyright Material) Regulations 1989, SI 1989/1212.

<sup>134</sup> See H Brett and B Goodger, 'Libraries in the Internet and the electronic age', [1997] 13 EIPR 38-41; T Hoeren and U Decker, 'Electronic archives and the press: copyright problems of mass media in the digital age', [1998] EIPR 256-266.

### **Shifting in time and space?**

If it is right that a website is a cable programme service and a webpage a cable programme as an item within the service, as held in the *Shetland Times* case, then there may be room to plead the ‘time-shifting’ exemption which is specifically allowed under the 1988 Act for private recording of broadcast or cable material to enable it to be viewed at a more convenient time.<sup>135</sup> But since a user can access Internet material at any time, such an argument may be hard to sustain.<sup>136</sup> There would seem to be no room, however, for an argument under British law such as that advanced, unsuccessfully, in the MP3.com case in the USA: that since the company’s activities allowed users to listen to the music, not only at the time but also in the place most convenient to them (‘space- or place-shifting’), a fair use defence was available.<sup>137</sup> Thus, copying a computer program from one’s PC to a laptop, or a CD onto tape to play on one’s car audio system, seem not to fall within the scope of any current copyright exception.

### **Public policy and public interest; no derogation from grant**

Going beyond the strict confines of the copyright legislation, at least three, closely-linked, limitations upon copyright have been discussed in the cases.<sup>138</sup> One is the public policy concept that certain types of work - pornography or material published in breach of a lifelong obligation of secrecy, for example - are undeserving of the protection of copyright.<sup>139</sup> This could obviously cover much material on the Internet. A second limitation is one which allows otherwise infringing acts on the grounds that they are in the public interest.<sup>140</sup> The scope and, indeed, existence of this defence remain uncertain,

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<sup>135</sup> CDPA 1988, s 70.

<sup>136</sup> Holyoak and Torremans, *Intellectual Property Law*, 518.

<sup>137</sup> *UMG Recordings Inc and others v MP3.com Inc*, US District Court, SDNY (Rakoff J), 4 May 2000, <http://www.nysd.uscourts.gov/courtweb/pdf/00-04756.pdf>.

<sup>138</sup> These exceptions are preserved by CDPA 1988, s 171(3).

<sup>139</sup> See e.g. *Glyn v Weston Feature Film Co* [1916] 1 Ch 261; *Attorney-General v Guardian Newspapers Ltd (No 2)* [1990] 1 AC 109.

<sup>140</sup> *Beloff v Pressdram* [1973] RPC 765.

although in twice affirming it in 1999 Jacob J formulated the test as being one of reasonable certainty that no right-thinking member of society would quarrel with the validity of the defence in the circumstances.<sup>141</sup> The public interest defence in the law of confidential information has been applied in relation to the unauthorised publication of information and material generated but kept secret by public authorities. If the authority's motivation in preventing publication is improper - for example, to conceal the failings of its officials - then an unauthorised publication, including one on the Internet, may be justified.<sup>142</sup> In the *Hyde Park Residence* case,<sup>143</sup> described earlier, Jacob J took a similar approach to copyright, holding that the public interest defence was applicable against a private individual (Mohammed al-Fayed), enabling the defendant to counter misleading public statements about how much time Diana and Dodi had spent at the 'House of Windsor' on the day of their deaths. But this was overturned by the Court of Appeal,<sup>144</sup> the majority (Aldous LJ and Stuart-Smith LJ) holding that (1) there was no public interest defence separate from that of public policy; (2) the circumstances in which copyright would not be enforced must derive from the work itself (i.e. its immoral character or deleterious effects) rather than from the conduct of the owner of copyright; and (3) the considerations arising in breach of confidence cases, where the courts balanced the public interest in maintaining confidentiality against the public interest in knowledge of the truth and freedom of expression, were different from copyright ones, where property rights were involved and the legislation already provided fair dealing defences in the public interest. It should not be possible for public interest to uphold as legitimate an act that had been found, as in this case, not to be fair dealing.<sup>145</sup> While generally

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<sup>141</sup> *Hyde Park Residence Ltd v Yelland* [1999] RPC 655; *Mars UK Ltd v Teknowledge Ltd* [2000] FSR 138.

<sup>142</sup> See in particular the breach of confidence case, *Lion Laboratories Ltd v Evans* [1985] QB 526, in support of this broad formulation; but see comments on the case by the Court of Appeal in *Hyde Park Residence Ltd v Yelland* [2000] TLR 104. For a possible example involving the use of mirror sites on the Internet see Y Akdeniz, 'Copyright and the Internet', (1997) 147 *New Law Journal* 965.

<sup>143</sup> [1999] RPC 655; above, 000.

<sup>144</sup> [2000] TLR 104.

<sup>145</sup> See paras 55, 58, 64-67; and above, 000, on the fair dealing issue.

agreeing with this approach, the third member of the Court, Mance LJ, indicated that there might be cases where a public interest dimension did arise from the ownership of the work, although this was not such a case.<sup>146</sup>

Finally, in the *British Leyland* case<sup>147</sup> mentioned in the previous section, the House of Lords declared that a copyright owner could be deprived of his rights where their exercise was in ‘derogation from grant’. The context, as already noted, was the manufacture and supply to consumers of spare parts for cars, to which the car manufacturers took objection by means of copyright. The House found that car owners had a right to repair their vehicles, and that the car manufacturers could not exercise their copyright so as to prevent third parties enabling the owners to exercise their rights as cheaply as possible. This was founded on the general legal principle of ‘no derogation from grant’, established in the context of leases, sales of goodwill and easements or servitudes. It had never been previously applied to copyright, and the reasoning of the House on the point is unsatisfactory.<sup>148</sup> The Privy Council has since indicated that the principle should be interpreted very narrowly in copyright law, and that it is really based on public policy.<sup>149</sup> Nonetheless, it is therefore still applicable,<sup>150</sup> and may find some application in the context of the Internet, perhaps in relation to the questions about activities such as downloading and the construction and deployment of search engines mentioned above in the comments on implied licences.<sup>151</sup>

#### INTERNATIONAL REFORM: THE EUROPEAN DIRECTIVE

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<sup>146</sup> Paras 79-83.

<sup>147</sup> [1986] AC 577 gives the House of Lords’ speeches only.

<sup>148</sup> See H L MacQueen, *Copyright, Competition and Industrial Design*, 2nd edn, 3(2) Hume Papers on Public Policy (1995), 45-47.

<sup>149</sup> *Canon Kabushiki Kaisha v Green Cartridge Co (Hong Kong) Ltd* [1997] AC 728.

<sup>150</sup> See in particular *Mars UK Ltd v Teknowledge Ltd* [2000] FSR 138 (Jacob J), a case about reverse engineering of computer programs and databases. The defence was rejected, however.

<sup>151</sup> See above, 000-000.



The foregoing survey of the application of UK copyright to the Internet has shown some of the difficulties with which the law is now faced, and the occasional comparative reference has shown that they are also confronted in other legal systems. Given the global reach of the Internet, and its social and commercial significance as the network matures into the information superhighway, it has seemed necessary to take international action to enable copyright law to respond and adapt in a reasonably uniform and harmonised way around the world. The USA took the initiative with a report in 1995 by its Information Infrastructure Task Force entitled *Intellectual Property and the National Information Infrastructure*. The European Union, concerned to harmonise the diverse copyright laws of its Member States, followed suit with Green Papers in 1995 and 1996.<sup>152</sup> The latter year also saw the completion, under the auspices of the World Intellectual Property Organisation, of a Copyright Treaty additional to the Berne Convention, and specifically aimed at some of the most troublesome issues.<sup>153</sup> Many of these initiatives are now bearing fruit in local legislation, actual and potential, around the world: for example, the Digital Millennium Copyright Act 1998 in the USA and the Copyright Amendment (Digital Agenda) Act 2000 in Australia. In the European Union, a draft Directive on Copyright and the Information Society was first published late in 1997.<sup>154</sup> It has since been making its way slowly through the Union's co-decision legislative procedures, involving complex inter-action between the European Commission, the Council of Ministers and the European Parliament which was not complete at the time of writing (August 2000). If the text can be agreed, it will become a European Parliament and Council Directive for implementation in the Member States.<sup>155</sup> Now through the legislative process is a Directive on electronic

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<sup>152</sup> *Copyright and Related Rights in the Information Society*, COM (95) 382 final; *Follow-Up to the Green Paper on Copyright and Related Rights in the Information Society*, COM (96) 568 final.

<sup>153</sup> For a general comment see T C Vinje, 'The new WIPO Copyright Treaty: a happy result in Geneva', [1997] 5 EIPR 230-236.

<sup>154</sup> Brussels, 10.12.1997, COM(97) 628 final; OJ 1998, C108/6.

<sup>155</sup> At the time of writing the current version of the draft Directive was that on which the Council of Ministers reached political agreement on 8 June 2000. I have relied upon a text obtained from the Brussels office of the Law Society of Scotland (to which my thanks), and bearing to have been approved by

commerce, which has already been referred to in the context of on-line service provider liability, and which contains significant provisions on the problem of caching.<sup>156</sup>

### **The WIPO Treaty 1996**

It is best to begin with the WIPO Treaty of 1996, which contains a number of provisions designed to address the copyright problems of the Internet, and to which the draft Copyright Directive is designed to give effect and, indeed, to go beyond. The Treaty is significant for its silence on certain subjects, reflecting a failure of the parties at the time to agree upon the appropriate way forward. So there was a proposal for an Article stating explicitly that the right of reproduction included temporary or transient reproduction, as is already the position in the UK, but this was dropped after much controversy, although it was agreed that the present Berne Convention provision (Article 9(1)) does not cover such reproduction.<sup>157</sup> As will be discussed further below, however, the draft Directive does tackle this issue head-on.

Turning back for the moment to what the WIPO Treaty does say, Article 8 provides for a new 'right of communication to the public' by wire or wireless means. This right includes (and so is not confined to) making work available to the public in such a way that members of the public may access these works from a place and at a time individually chosen by them; i.e. by way of transmission on the Internet. This will certainly be the most immediately important aspect of the public communication right. The real significance of the right is that it removes the need for a physical copy to exist before the rightholder can control the distribution of a work. Further, Article 10 of the 1996 Treaty

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COREPER Brussels 16 June 2000. This text replaces that published by the Commission on 21 May 1999 (COM(1999) 250 final), OJ 1999, C180/6). The Commission proposal took account of amendments put forward by the European Parliament in January and February 1999. The progress of the Directive can be followed on the website of the Internal Market DG ([http://europa.eu.int/comm/internal\\_market](http://europa.eu.int/comm/internal_market)).

<sup>156</sup> European Parliament and Council Directive on certain legal aspects of Information Society services, in particular electronic commerce in the Internal Market, Directive 2000/31/EC, 8 June 2000. Note recital 50 of in this proposal, stating that 'it is important' that the copyright and the E-Commerce Directives 'come into force within a similar timescale'.

succeeds in setting the scene for a more restrictive approach to user rights or limitations on the scope of copyright. Article 9(2) of the Berne Convention states the ‘three-step’ test for user rights: reproduction may be allowed ‘in certain special cases, provided that such exploitation does not conflict with a normal exploitation of the work and does not unreasonably prejudice the legitimate interests of the author’.<sup>158</sup> For some reason, Article 10 of the WIPO Treaty repeats this formula no less than twice, but, significantly, where Berne talks of ‘permitting’ such acts, the Article speaks of ‘confining’ them. The scene is thereby set for the elimination or whittling down of user rights and the assertion of greater producer control over the use of the Internet. This is also apparent in other Articles, which require Contracting Parties to provide a legal framework to protect technological means of control over use such as copy protection and encryption against circumvention by third parties (Articles 11 and 12), and do not allow any reservations to the Treaty (Article 22).

### **The draft Copyright Directive**

The draft Copyright Directive follows the basic approach of enhancing the position of the copyright owner and narrowing down the rights of the user.<sup>159</sup> Its underlying policies

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<sup>157</sup> See Vinje, ‘The new WIPO Copyright Treaty’, 230-4.

<sup>158</sup> The ‘three steps’ are: (1) special case; (2) no conflict with normal exploitation; (3) no unreasonable prejudice to author’s legitimate interests. See also the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS Agreement) 1994, Art 13.

<sup>159</sup> Space prohibits consideration of Art 4, which will harmonise the distribution right. As the original Explanatory Memorandum makes clear, this right refers ‘exclusively to fixed copies that can be put into circulation as tangible objects’ (COM(1997) 628 final, 27 (para 1)). See also recital 18 of the amended proposal, which talks of ‘the exclusive right to control distribution of the work incorporated in a tangible article’. The Agreed Statements concerning the WIPO Copyright Treaty provisions on distribution and rental right (Arts 6 and 7) also state that they apply ‘exclusively to fixed copies that can be put into circulation as tangible objects’. The limitation of exhaustion of rights to the European Community, and implicit rejection of a principle of international exhaustion, in Art 4 of the Copyright Directive is interesting in light of the debate about this topic in trade mark law sparked by Case C-355/96, *Silhouette International Schmied GmbH & Co KG v Hartlauer Handelsgesellschaft* [1998] ECR I-3457; Case C-173/98, *Sebago Inc and Ancienne Maison Dubois et Fils SA v GB-Unic SA* [1999] ECR I-4103; and the contrasting judgments of Laddie J in *Zino Davidoff SA v A & G Imports Ltd* [1999] 3 All ER 711 and Lord Kingarth in *Zino Davidoff SA v M & S Toiletries; Joop! GmbH v M & S Toiletries* 2000 SLT 683. In Declaration 4 of the Annex to the COREPER text of the draft Directive the Commission confirms that Art 4 is intended to continue the present position on international exhaustion, while undertaking to keep a watching brief on developments.

emerge clearly enough from the recitals, which, while paying lip service to the importance of user rights in the pursuit of ideals of freedom of expression and dissemination of information, ideas and culture (recitals 10ter, 14bis), emphasise still more strongly the need for a high level of intellectual property protection to ‘foster substantial investment in creativity and innovation, including network infrastructure’ (recital 3) and to ensure the availability of reward and satisfactory returns on investment in creative work and the products by which that work is brought to its public (recitals 8-10, 14bis). The protection therefore has more of an entrepreneurial than a moral right justification, although there are glancing references to the maintenance and development of creativity and the independence and dignity of artistic creators and performers (recitals 8, 9bis). The Directive is to be a basis for making the Internet commercial.

The specific provisions by which this goal is to be achieved are (i) harmonisation of the reproduction right to include temporary reproduction by any means and in any form (Article 2); (ii) the establishment of a public communication right for authors as set out in the WIPO Treaty, that is, communication ‘including the making available to the public of .. works in such a way that members of the public may access them from a place and at a time individually chosen by them’ (Article 3); and (iii) the restriction of user rights, at least so far as these may apply in a digital context (Article 5). While the first of these provisions is already essentially the law in the UK, the public communication right will, from the copyright owner’s point of view, eliminate the gaps in protection left in the electronic and digital world of the Internet by the present rules on distribution (i.e. the limitation to first sale, rental and commercial lending of hard copies), public performance (i.e. the need for

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In Declaration 9, the Danish, Irish, Luxembourg, Dutch, Finnish and Swedish delegations state that they favour international exhaustion and call for reconsideration of the issue.

the infringing activity to be in public and a performance for an audience), and broad- and cable-casting (i.e. too technology-specific).<sup>160</sup>

The real controversy during the passage of the Directive to date, however, has been over whether these extended rights for owners have been sufficiently balanced by the provisions for users - the exceptions to the restricted acts of reproduction and public communication - set out in Article 5. The original proposals of the European Commission in this area were substantially modified at the behest of the European Parliament, which had been successfully lobbied by rightholder interests; it remains to be seen whether the responses of the Commission and the Council, by no means wholly accepting of the Parliament's views, will satisfy either that body or the vociferous opposing lobbies striving to affect the final text. The importance of the debate is that, at least with regard to reproduction and public communication rights in the digital context, these exceptions will entirely replace existing national rules on the subject,<sup>161</sup> including, therefore, the British provisions on fair dealing discussed earlier in this paper.<sup>162</sup> However, at present all but one of the exceptions listed in Article 5 is permissive - that is, the Member States may (and therefore need not) introduce them.

### **Proposed mandatory exception to reproduction right**

The only mandatory exception is to reproduction right, and is in respect of

temporary acts of reproduction ... which are transient and incidental, which are an integral and essential part of a technological process, whose sole purpose is to enable

(a) a transmission in a network between third parties by an intermediary or

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<sup>160</sup> Could it be applied to stop linking, which is a means of making works available to the public at a place and time individually chosen by them?

<sup>161</sup> COM(1997) 628 final, 28 (para 2); see also recital 22 and art 5(3)(p), the latter of which permits Member States to provide for 'use in certain other cases of minor importance where exceptions already exist under

(b) a lawful use,  
of a work or other subject matter to be made, and which have no independent economic significance ...<sup>163</sup>

The obvious example falling within this exception is the reproduction which occurs on computers and servers as material makes its way across the Internet from the supplier site to the recipient who has called it up. The European Parliament sought to prevent the exception also extending to proxy server caching, but such a limitation was rejected by the Commission on the ground that if right-owners' authorisation was required for cache copies, the effective operation of the Internet would be seriously hindered.<sup>164</sup> Caching may also be saved by the exception for temporary reproductions enabling 'lawful use'; as we will see below, such lawful uses include research and illustration for teaching,<sup>165</sup> and recital 23 comments that 'this exception should include acts which enable browsing as well as acts of caching to take place, including those which enable transmission systems to function efficiently' - that is, those which prevent undue congestion at 'live' sites.<sup>166</sup>

The favouring of caching also emerges in the E-Commerce Directive, Article 13 of which is headed 'Caching' and which exempts Internet service providers from liability, for the automatic, intermediate and temporary storage of that information, performed for the sole purpose of making more efficient the information's onward transmission to other recipients of the service upon their request.

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national law, *provided that they only concern analogue uses* [emphasis supplied] and do not affect the free circulation of goods and services within the Community'.

<sup>162</sup> See above, 000.

<sup>163</sup> Art 5(1).

<sup>164</sup> See COM(1999) 250 final, para 4(1).

<sup>165</sup> See below, 000.

<sup>166</sup> In Declaration 1 in the Annex to the COREPER text of the draft Directive, the Council and Commission declare that they are of the view that the wording in recital 23, 'provided that the intermediary does not modify the information and does not interfere with the lawful use of technology, widely recognised and used by industry, to obtain data on the use of the information', does not exclude proxy server caching by an intermediary from being exempted under art 5(1), if such caching meets the conditions of the article.

The service provider must comply with a number of conditions, notably obligations not to modify the information and to comply with any requirements about access or updating of the material. Nor must it interfere with lawful uses of accepted technology to obtain data on the use of information at its site. Further, if the service provider obtains actual knowledge that either the information at the original source has been removed from the network, or access to it has been barred, or a competent authority has ordered such removal or barring, it must act expeditiously to remove or bar access itself, or else the exemption will be lost. Finally, national courts and administrative authorities are enabled to require the service provider to terminate or prevent infringements taking place. Overall, this is broadly the approach already adopted in the USA under the Digital Millennium Copyright Act,<sup>167</sup> and it therefore appears likely to become the global rule in future,<sup>168</sup> although service providers remain profoundly concerned that it places an unrealistic burden upon them to respond to complaints of infringement from all and sundry.

### **Proposed non-mandatory exceptions**

Of greater concern now are the non-mandatory exceptions provided for at some length in the remainder of Article 5 of the Directive. An obvious initial point is that the permissive regime certainly does not serve the basic goal of European harmonisation, and there still seems present the danger referred to in the Explanatory Memorandum to the Commission's initial proposal:

Without adequate harmonization of these exceptions, as well as of the conditions of their application, Member States might continue to apply a large number of

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<sup>167</sup> 17 USC Title II.

<sup>168</sup> Similar provisions are found in the Australian Copyright Amendment (Digital Agenda) Act 2000.

rather different limitations and exceptions to these rights and, consequently, apply these rights in different forms.<sup>169</sup>

Indeed, France, Italy and Spain have expressly indicated their lack of satisfaction with the position and their intention to ensure that the optional exceptions are interpreted strictly in order to prevent the risk of substantial disparities between Member States.<sup>170</sup> On the other hand, Luxembourg believes that the closed list of exceptions is too restrictive ‘and introduces an imbalance in favour of rightholders at the expense of users, who run the risk of being deprived of the advantages offered by the new digital environment’.<sup>171</sup> Recital 22 of the Directive notes that the list of exceptions

takes due account of the different legal traditions in Member States, while, at the same time, aiming to ensure a functioning Internal Market. It is desirable that Member States should arrive at a *coherent application* [emphasis supplied] of these exceptions, which will be assessed when reviewing implementing legislation in the future.

Space does not allow for a detailed treatment of the provisions, not all of which are equally relevant to the Internet. Throughout, a balance or compromise has had to be struck between the different traditions of Continental and British copyright law, the former favouring private use provided the rightholder receives fair compensation,<sup>172</sup> the latter free use in a number of specified areas extending beyond the purely private domain. The key issues may be summarised as follows:

*(i) Reprography*

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<sup>169</sup> COM(1997) 628 final, 28 (para 1). On the other hand, Cornish, *Intellectual Property*, paras 13.70 and 13.84, questions the constitutional power of the EU to confine national authority over copyright in these matters.

<sup>170</sup> See Addendum 13 to the Annex to the COREPER text of the draft Directive.

<sup>171</sup> *Ibid*, Addendum 12.

<sup>172</sup> France, Italy and Spain have indicated their intention to be ‘particularly vigilant in ensuring ... that, in all cases where this is provided for in the Directive, use of works is accompanied by fair compensation’ (Addendum 13 to the COREPER text of the Annex to the draft Directive).



An initial proposal was to permit reprography (i.e. photocopying), within the scope of the ‘three steps’ of Article 9(2) of the Berne Convention (i.e. special cases of exploitation not conflicting with normal exploitation, and without unreasonable prejudice to the author’s legitimate interests). This has been amended in the interests of the publishing industry, first, to exclude sheet music altogether from the scope of the exception, and, second, to say that reprography is only permitted if the right holder receives fair compensation (as to which see further below).<sup>173</sup> Reprography is defined as reproduction on paper or any similar medium, effected by the use of any kind of photographic technique or similar process; therefore it does not cover bringing material from a website onto a computer screen, downloading that material to disk, or printing it. It may therefore be of only very limited relevance to Internet copyright.

*(ii) Private copies*

Much more significant was a further initial proposal to allow natural persons to make private copies of audio, visual and audio-visual material, again subject to Berne Article 9(2). The supporting argument was that, in general, prevention of private copying was not possible; the relevance to the Internet was the fact that so much user activity was at least arguably of a private nature. But complex amendments were made in the European Parliament at the urgent and clamorous behest of the film, music and recording industries, already deeply concerned by piratical activities generally, and further alarmed by the Internet possibilities of MP3 software. In all cases, conditions that the rightholders receive fair compensation and that the copy be for ‘strictly personal use’ were added. In addition, a distinction was drawn between analogue and digital material: with the latter, the exception was to be ‘without prejudice to operational, reliable and effective technical means capable of protecting the interests of rightholders’. The special concern with digital

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<sup>173</sup> Art 5(2)(a).

material was the ease and speed of perfect and multiple reproductions, especially by way of the Internet, which could make far deeper inroads upon the structures of the recording industries than was ever possible in the past with analogue copying.<sup>174</sup> On the other hand, digital technology itself may eventually provide the means to bar private copying, and the draft thus left open this route to the rightholder's protection, reinforced by provisions in Article 6 making illegal the circumvention of such technological measures of protection.<sup>175</sup>

However, Article 5 has been further amended in the Council of Ministers, which has restored the generality of the exception favouring private use by a natural person for non-commercial ends, extended it to all copyright works, and dropped any distinction between the analogue and the digital. The potential impact for users of the Internet seems large. True to the Continental pattern, however, rightholders must receive 'fair compensation'; moreover, this must take into account 'the application or non-application of technological measures referred to in Article 6 to the work or subject matter concerned'.<sup>176</sup> How will these requirements affect the Internet?

*(iii) Fair compensation*

First, it will be apparent that the exemptions of reprography and private use look set to be dependent upon 'fair compensation' of the rightholders to be effective. So, directly or indirectly, these uses will not be free to the user. In other words, so far as the UK is concerned, and despite its now long-sustained opposition to such a move,<sup>177</sup> there will almost certainly have to be a falling into line with those other Member States which provide for levies upon the equipment, material and (perhaps) institutions which enable reprography or private copying of copyright works to take place, along with a machinery to ensure the collection of licence fees and the fair distribution of the proceeds amongst

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<sup>174</sup> COM(1997) 628 final, 30-31 (para 6).

<sup>175</sup> See (6) below for Art 6.

<sup>176</sup> Art 5(2)(b). See further (6) below for Art 6.

rightholders; functions in which the collecting societies and the Copyright Tribunal will probably have the major roles. The recitals to the draft Directive state that a 'valuable' criterion for measuring the amount of compensation 'would be the possible harm to the rightholders resulting from the act in question. ... In certain situations where the prejudice to the rightholder would be minimal, no obligation for payment may arise.'<sup>178</sup> Further, 'in cases where rightholders have already received payment in some other form, for instance as part of a licence fee, no specific or separate payment may be due'.<sup>179</sup> This may be particularly relevant where the rightholder is using technological measures of protection against access to and copying of his material (see further (iv) below).

*(iv) Technological measures of protection and copyright exceptions*

The initial draft rules in Article 6 made unlawful any circumvention 'without authority' of effective technological measures designed to protect copyrights or related rights.<sup>180</sup> Technological measures were defined as 'any technology, device or component that, in the normal course of its operation, is designed to prevent or inhibit' infringement of copyright or related rights; these were to be deemed effective 'where the access to or use of a protected work or other subject matter is controlled through application of an access code or any other type of protection process which achieves the protection objective in an operational and reliable manner with the authority of the rightholders'. Examples included 'decryption, descrambling or other transformation of the work'.<sup>181</sup> Thus, should the technology evolve to the point of complete effectiveness, the Internet user's right to make a private copy from a website, even for strictly personal use, would have been

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<sup>177</sup> Cornish, *Intellectual Property*, para 13-17.

<sup>178</sup> Recital 24bis. The Commission gives as an example copying for purposes of 'time-shifting' of broadcasts (see Declaration 2 of the Annex to the COREPER text of the draft Directive).

<sup>179</sup> *Ibid.*

<sup>180</sup> Art 6. See also Art 7 on the protection of rights-management information.

<sup>181</sup> See Art 6(3), first and second paras of May 1999 text.

nullified, it seemed; unless the private use exception itself could be treated as an ‘authority’ justifying circumvention.

This last proposition was fiercely debated, and further amendments to clarify the relationship between Articles 5 and 6 were made in the Council of Ministers. They may be summarised as follows:

(1) Member States are now to provide ‘adequate legal protection’ against circumvention of any effective technological measures designed to prevent or restrict acts not authorised by the rightholder (i.e. by licence, express or implied) or by the law of copyright (i.e. through fair dealing and equivalent exceptions of the kind under discussion). Article 6(3) defines technological measures as ‘any technology, device or component that, in the normal course of its operation, is designed to prevent or restrict acts, in respect of works or other subject matter, which are not authorised by the rightholder’; these are deemed effective ‘where the use of a protected work or other subject matter is controlled by the rightholders through application of an access control or protection process, such as encryption, scrambling or other transformation of the work or other subject matter or a copy control mechanism, which achieves the protection objective’.<sup>182</sup>

(2) However, with regard to the reprography exception,<sup>183</sup> ‘in the absence of voluntary measures by rightholders’ (which can include agreements between the rightholders and other parties concerned), Member States are to take appropriate measures ‘to ensure that rightholders make available to the beneficiary ... the means of benefiting from that exception or limitation, to the extent necessary to

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<sup>182</sup> Art 6(3), only para of COREPER text of the draft Directive.

<sup>183</sup> Also the exceptions for libraries and similar establishments, and for teaching and research (discussed below) and the exceptions under Arts 5(2)(d) and (e) and (3)(b) and (e), not discussed in the text of this paper.

benefit from that exception or limitation and where that beneficiary has legal access to the protected work or other subject matter concerned'.<sup>184</sup>

(3) There is a similar obligation upon Member States with regard to the exception for private use, unless such reproduction has already been made possible by the rightholder to the extent necessary to benefit from the exception in accordance with its provisions and the 'three-step' test of Berne Article 9(2). But rightholders may adopt measures regarding the number of reproductions made under the exception:<sup>185</sup> for example, devices to ensure that no more than one reproduction is made by any user (as in the latest version of Microsoft Office, which allows only one copy to be made from a DVD onto a personal computer).

(4) None of the foregoing applies, however, to works made available to the public on agreed contractual terms in such a way that members of the public may access them from a place and at a time individually chosen by them.<sup>186</sup>

The basic position intended by these extremely complex and opaque provisions seems at first blush to be that Member States of the EU are to ensure that rightholders make available to the public the means of benefiting from the reprography and private use exceptions. But closer scrutiny suggests that at best this is so only to a very limited degree, in particular in the digital context. As already noted, the exception for reprography is likely to be of only limited importance for users of the Internet, so that it is the private use exception which is of greatest significance here. In general, the actions of rightholders are to be awaited before Member States can take steps to ensure that users can benefit from the exceptions; what actions by rightholders will suffice to prevent such steps? Do these actions have to go as far as the exceptions would do? How long must a Member State wait for such voluntary actions by rightholders? What steps can a Member State take if

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<sup>184</sup> Art 6(4), first para of the COREPER text of the draft Directive.

<sup>185</sup> Ibid, second para.

<sup>186</sup> Ibid, fourth para.

appropriate actions are not forthcoming? Since it is likely that the practice of rightholders will vary, it may only be possible to take action in individual cases rather than through generally applicable legislation. It is apparent that the existence and enforcement of copyright is the paramount consideration; the exceptions are not over-riding user *rights*, but mere defences against claims of infringement, apt to be set aside in the face of countervailing interests.

Even more importantly, what is the scope of the provision in the fourth paragraph of Article 6(4), giving pre-eminence to contractual terms over the exceptions where works are made available in such a way that they may be accessed from places and at times individually chosen by users? Since this condition applies to everything found on the Internet, the provision seems to have the potential to eliminate the exceptions to copyright altogether in that context. Such apocalyptic conclusions need to be modified, however, because such elimination should only occur if a contract to that effect is previously in place between rightholder and user. On the other hand, this reinforces the position of the rightholder barring access in order to create an opportunity to establish a contractual nexus under which the user pays for his use; and it is really only against the rightholder who wishes to deny access in order to be paid for the privilege that user rights giving access regardless of the rightholder's wishes are of any significance.

Contract, in other words, is to prevail over exceptions, at any rate in the digital environment. One wonders further what balance may be struck in the case where the rightholder, in addition to personal contractual rights against individual users, is also already benefiting from a scheme providing fair compensation for private use and administered by a rights management organisation of which it is a member. Recital 29bis states that the non-mandatory exceptions 'must not .. prevent the definition of contractual relations designed to ensure fair compensation for the rightholders insofar as permitted by national

law', while, as already noted,<sup>187</sup> the draft provision on private use states that fair compensation scheme should take account of the application or non-application of technological measures of protection. Perhaps the converse of the latter proposition should also be included, although it is at least hinted at in the other recital (24bis) quoted in the earlier discussion of the quantum of fair compensation,<sup>188</sup> stating that account should be taken of other income, already received by the rightholder in respect of the user's activity, when assessing the appropriate sum.

The provision disabling exceptions to copyright where works are made available to the public on the Internet under contractual terms also applies to the next two exceptions to be discussed, those in favour of public libraries and similar types of establishment, and those permitting research and illustration for teaching purposes.

*(v) Public libraries, educational establishments, museums and archives*

A rather vague initial proposal enabling reproductions by establishments accessible to the public which were not for direct or indirect economic or commercial advantage has now become an exemption in respect of 'specific acts of reproduction' made by 'publicly accessible libraries, educational establishments or museums, or by archives which are not for direct or indirect economic or commercial advantage'.<sup>189</sup> So framed, the exemption certainly looks as though it will be useful to organisations who for archival or conservation purposes wish to digitise material previously held in other media. But the exemption says nothing about the institutions mentioned having a right to make available to others, whether for research or otherwise, *copies* of the material they hold (as distinct from the originals themselves), for example, in a cache. Could this activity therefore be caught as infringement by communication to the public by wireless means? It may however be

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<sup>187</sup> See above, 000.

<sup>188</sup> See above, 000.

<sup>189</sup> Art 5(2)(c).

saved by new exceptions, introduced in the Council of Ministers and applying to both reproduction and public communication rights. The first permits ‘communication to the public or making available of published articles on current economic, political or religious topics, of broadcast works, or other subject matter of the same character, in cases where such use is not expressly reserved, and as long as the source, including the author’s name, is indicated’.<sup>190</sup> The second, also applicable to both reproduction and public communication right, allows ‘use by communication or making available, for the purpose of research or private study, to individual members of the public by dedicated terminals on the premises of [libraries, educational establishments, museums and archives] of works or other subject matter not subject to purchase or licensing terms which are contained in their collections’.<sup>191</sup> However, the permission to cache Internet material, which will be available to service providers under Article 13 of the E-Commerce Directive, may not help librarians, who typically do not provide such services at a distance from the user and do not charge for them – both prerequisites in the definition of a service provider for the purposes of that Directive.<sup>192</sup>

*(vi) Teaching, research and private study*

The classic exemptions covered under the head of fair dealing in the UK - research, news reporting and criticism or review - are also optional extras under the draft Directive.<sup>193</sup>

These exemptions extend to both the reproduction and the public communication rights.<sup>194</sup>

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<sup>190</sup> Art 5(3)(c).

<sup>191</sup> Art 5(3)(o).

<sup>192</sup> See recital 17 and Art 2 of the E-Commerce Directive (above, n 99).

<sup>193</sup> See generally Art 5(3), much extended in the amendments made in the Council of Ministers. For research, news reporting and criticism or review, see *ibid*, (a), (c) and (d).

<sup>194</sup> Apart from those mentioned, Art 5 as amended and much extended in the Council of Ministers also provides exemptions in relation to reproduction and public communication right for the disabled, for the purposes of public security and the proper performance or reporting of an administrative, parliamentary or judicial procedure, for use of political speeches and extracts of public lectures, for use during religious or official celebrations organised by a public authority, for use of works located in public places, for incidental inclusion in other material, for advertising public exhibitions and sales of artistic works, for caricature, parody or pastiche, for use in demonstration or repair of equipment on commercial premises, and for reconstruction of buildings.



If the UK decides to take up the options, there will have to be some amendment to the 1988 Act. Thus, for example, ‘illustration for teaching’, not ‘private study’,<sup>195</sup> is mentioned alongside ‘research’, which itself is qualified by the word ‘scientific’ (meaning ‘academic’ or ‘in the pursuit of knowledge’, rather than being confined to science<sup>196</sup>). But, most significantly of all, reproduction or communication for teaching and research will not require fair compensation for the rightholder: here the Anglo-American tradition of free use prevails and, at least so far as the UK is concerned, and if it decides to take up the option of having this exception, is extended.

*(vii) Pre-emption issues*

Are there any means by which the proposed new rules might themselves be subject to regulation under other rules of law? All the exemptions in Article 5 are to be subject expressly to the ‘three-step test’ of Berne Article 9(2);<sup>197</sup> but there is no forum in which their consistency with that Article can be tested,<sup>198</sup> nor is it easy to see how they might be deployed in the interpretation of either the Directive or subsequent implementing national legislation. But it may be a point of more than academic interest, given that the Human Rights Act 1998 came into force in the UK on 2 October 2000, whether some of the potential limitations upon exceptions to copyright in the digital environment infringe the European Convention on Human Rights, notably Articles 8 (protection of privacy) and 10 (freedom of expression).<sup>199</sup> In the ‘Schoolbook’ case in 1971 the Federal Constitutional Court in Germany concluded that the public interest in access to cultural objects could

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<sup>195</sup> Reproduction for private study will presumably now fall within the exception for reproduction for the private use of a natural person for non-commercial ends (Art 5(2)(b)).

<sup>196</sup> The ambiguity in ordinary English usage is unfortunate.

<sup>197</sup> Art 5(4). See above, 000, for Berne Art 9(2).

<sup>198</sup> Except perhaps the European Court of Justice, the authority of which to provide a definitive ruling on Berne may be doubted.

<sup>199</sup> See Guibault, ‘Pre-emption issues in the digital environment’, at 249-251. For a general survey of the impact of the 1998 Act, see H L MacQueen, ‘Human rights, private law and the private sphere’, in A Loux (ed), *Human Rights in Scots Law*, forthcoming.

override a copyright requirement of the author's consent,<sup>200</sup> while French law contains provisions, consistent with its general abuse of rights doctrine, against manifest abuse of copyright.<sup>201</sup> Following the *Magill* decision of the European Court of Justice in 1995,<sup>202</sup> the use of competition law to control abuse of copyright should also be kept in mind as a factor giving some protection to user interests.

## CONCLUSION

It is evident that the scope and reach of copyright protection are on the brink of significant extension in both the Internet and the 'real' world. For many, this will be a matter of regret. The aim is clearly to establish as strong a regime of protection as possible for authors, providing a situation where publication on the Internet can realise its full economic potential, while at the same time the damage which it might inflict upon the established copyright industries (publishing, sound recording, film and broadcasting) is so far as possible removed. In some sense the divergent Anglo-American and Continental approaches to copyright are drawing together to ensure that the author and the industries which bring her material to the public gain recognition and reward on the Internet as elsewhere. But as a result, copyright is moving ever further from controlling the existence of copies to controlling the use made of material, and in this lurks a danger of overlooking the public interest in the dissemination of ideas, information, instruction and entertainment without undue burden, and in the rights of free expression and privacy. Yet the uneasy may take some comfort. Laws can be written in the most draconian terms, but the critical question is whether or not they can be enforced. It is all very well being able to say that the author has a copyright in the UK or the EU, but what good is that against an infringement in Eastern Europe or Asia? – or indeed against at least the private infringer

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<sup>200</sup> 1 BvR 765/66 (1971).

<sup>201</sup> French Intellectual Property Code of 1 July 1992, L 122-9. On abuse of rights, see E Reid, 'Abuse of rights in Scots law', (1998) 2 *Edinburgh Law Review* 129-157.

in the EU? The problem of enforcement of rights is what should be taking up the attention of reformers who want to realise and maximise the commercial potential of the Internet. The new laws are being strongly expressed to act as a symbol of deterrence, an approach which may in fact reflect the real underlying weakness of the position in which commercial interests particularly now find themselves. The technological measures of protection to which such legal force is given by the Directive will always be vulnerable to technological circumvention, legitimate or illegitimate. Much depends on how the technology develops, but one possibility is clearly that the old problem with which copyright was originally designed to deal - market failure to make the production of ideas and information worthwhile - could begin to disappear. The technology which creates the Internet may soon mean that an author can make her material available while at the same time ensuring that every user is recorded and makes payment directly to her for the privilege, the whole transaction being triggered automatically in the system by the user's accession of the material. Contract, in other words, could replace copyright, with the main legal issue being the wrongfulness or otherwise of acts circumventing the technology requiring the would-be user to contract in the first place. The possibilities are already apparent in on-line publications by best-selling authors such as Stephen King, deploying the traditional technique of serialisation as well as technological devices in order to hook a paying readership, and the bypassing of recording companies by musical artistes making use of MP3 technology to reach out directly to their audiences via the Internet. But this will in turn raise questions about monitoring the standard form contracts which would be used in this world, whether the user might have rights which could not be overridden contractually, and whether there are other public interests outweighing the right of authors and publishers to earn a return from their work. Further, the probable role of collecting societies in a world where contract replaced copyright might in turn raise

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<sup>202</sup> Joined Cases C-241-2/91, *Raidio Telefís Eireann v Commission* [1995] I-ECR 808.

doubts about the real benefit to the individual author.<sup>203</sup> The future should therefore be interesting, and the draft Copyright Directive only a first step towards it.

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<sup>203</sup> See generally the contributions to Part II of Grosheide and Boele-Woerki, *Molengrafica: Europees Privaatrecht 1998*, discussing what was then the draft Article 2B of the Uniform Commercial Code in the USA and is now the Uniform Computer Information Transactions Act 1999. On payment mechanisms on the Internet, see the contribution of Saul Miller to this volume. Cf on the role of collecting societies A Firth, 'Copyright in the digital world' in A J Kinahan (ed), *Now and Then: a celebration of Sweet & Maxwell's bicentenary 1999* (1999), 69-79.