Case comment

Digital exploitation of out-of-print books and copyright law: French licensing mechanism for out-of-print books under CJEU scrutiny.

Court of Justice of the European Union, *Marc Soulier, Sara Doke v Ministre de la Culture et de la Communication, Premier ministre*, C‑301/15, EU:C:2016:878, 16 November 2016

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In its decision in *Soulier, Doke v Ministre de la Culture et de la Communication, Premier ministre* (C-301/15), the CJEU has looked at the French licensing mechanism for out-of-print books and its compatibility with EU Copyright rules. It held that national legislation which replaces the author's express and prior consent with tacit consent or a presumption of consent infringe the author's reproduction and making available rights. The CJEU's decision has far-reaching implications on rights management schemes operating with implicit or presumed consent.

Legal background

Under Article 2(a) and 3(1) of the Directive 2001/29/CE of the European Parliament and the Council of 22 May 2001 on the harmonisation of certain aspects of copyright and related rights in the information society ('InfoSoc Directive'), authors enjoy exclusive rights to authorise or prohibit the reproduction of their works or the making available to the public. Article 5 InfoSoc Directive provides a detailed and exhaustive list of exceptions and limitations to the exclusive rights of authors.

Facts

The French legislator adopted 'the Law on out-of-print books' (JORF No 53 of 2 March 2012, p. 3986) in March 2012. This piece of legislation added a chapter IV entitled 'Special provisions relating to the digital

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exploitation of out-of-print books'[1] to Title III of Book One of the first part of the Intellectual Property Code. The legislation is designed to facilitate the use of books published in France before 1 January 2001, which are no longer commercially distributed by a publisher and which are not currently published in print or in a digital format (Article L. 134-1). To this end, an online and free of charge indexing database (entitled '*Relire'*) available to the public was established. The National Library of France is responsible for updating and recording the information relating to the out-of-print books (Article L. 134-2). The legislation allows anyone to file an application to the National Library to have an out of print book included in the database. Once such an out-of-print book has been registered in the database for more than six months, the right to authorise its digital reproduction and public display will be exercised by a collecting society approved by the Minister responsible for culture (Article L. 134-3 para 1). The *Société française des intérêts des auteurs de l'écrit* ('SOFIA') has been authorised to exercise digital rights with respect to 'out-of-print' 20th century books by order of the Minister for Culture and Communication of 21 March 2013 (JORF No 76 of 30 March 2013, p. 5420).

Authors and publishers have a period of six months after registration of the book in the database to oppose the exercise of the rights being conferred to the collecting society (L. 134-4 para 1). After expiry of the six-month period, authors of out-of-print books are still able to oppose if they consider that the reproduction of that book or its public display is liable to adversely affect their good name or reputation (L. 134-4 para 3). The author and publisher having the right of reproduction in print of an out-of-print book may at any time jointly notify the responsible collecting society of their decision to withdraw the latter's right to authorise the reproduction and public display of that book in digital format (Article L. 134-6, para 1). Authors of an out-of-print book themselves may decide at any time to withdraw from the collecting society in charge the right to authorise the reproduction and public display of a book in digital format if he provides evidence that he alone holds the rights laid down in Article L. 134-3 (Article L. 134-6, para 2).

In the absence of any opposition, the collecting society shall offer authorisation to reproduce and publicly display an out-of-print book in digital format to the publisher having the right to reproduce that book in print after expiry of the six-month period. (L. 134-5 para 1). If the publisher accepts the offer, the collecting society grants the publisher an exclusive licence for 10 years; a tacit renewal being possible (L. 134-5 para 3). The publisher is responsible for exploiting the book in question within three years (L. 134-5 para 3). If the publisher does not accept the offer or if he does not exercise his rights within a three-year period, the reproduction and public display of the book in digital format shall be authorised by the collecting society to third-parties for a period of five years (L. 134-5 para 6).

On 2 May 2013, two authors, Marc Soulier and Sara Doke, initiated judicial review proceedings with respect to the Decree No 2013-182 of 27 February 2013 that implemented the digital exploitation of out-of-print books of the twentieth century (JORF No 51 of 1 March 2013, p. 3835, text No 41). Both, Soulier and Doke,

[1] Articles L. 134-1 to L. 134-9.

sought to declare this piece of legislation invalid. The competent Conseil d'État[2] referred a priority question on constitutionality to the Conseil Constitutionnel[3] regarding the decree in question. By decision of 28 February 2014, the latter found that the decree complies with the constitution. By its reference to the Court of Justice of the European Union (CJEU) filed on 19 June 2015, the Conseil d'État (Coucil of State) sought to clarify whether Article 2 and 5 of the InfoSoc Directive would preclude legislation that gives approved collecting societies the right to authorise the reproduction and the representation in digital form of 'out-of-print books', while allowing the authors of those books, or their successors in title, to oppose or put an end to that practice, on the conditions that such legislation lays down.

The Decision

Within its preliminary observations the CJEU confirmed the conclusion reached by the Advocate General (AG)[4] that the reproduction and the representation of 'out-of-print books' in digital form concerns both the right of reproduction[5] and the right of communication to the public[6] [25]. By reference to Recital 32 of the InfoSoc Directive, the CJEU recalled that Article 5 provided an exhaustive list of permissible exceptions and limitations that Member States were able to provide. Since, however, none of exception or limitation provisions within Article 5 would cover the reproduction and the representation of 'out-of-print books' in digital form, it agreed with the finding of the AG that a discussion on Article 5 of the InfoSoc Directive was irrelevant in this context [27]. This meant that the case was solely decided on whether there was a violation of Articles 2(1) and 3(1) of the Directive, but not whether an exception or limitation would apply in this context.

After these preliminary remarks, the Court held that Article 2(a) and Article 3(1) of the Infosoc Directive would need to be interpreted broadly and followed its own case law[7] [30]. Furthermore, the Court noted that the protection conferred to authors would extend both to the enjoyment and to the exercise of the rights of reproduction and communication to the public which was supported by Article 5(2) of the Berne Convention [31]-[32]. Further, the CJEU emphasized that both exclusive rights are preventive in nature [33]. This would mean that any reproduction or communication to the public of a work by a third party would require the

[2] The Conseil d'État (Council of State) is the highest administrative jurisdiction in France. See Article L. 111-1 of the French Code of Administrative Justice

[3] Pursuant to Article 61-1 of the French Constitution of 4 October 1957 'where, in a proceeding pending before a court, it is contended that a statutory provision infringes upon the rights and freedoms guaranteed by the Constitution, the matter may be brought before the Constitutional Council […], which shall take a decision within a specified period.'

[4] Case C‑301/15 *Marc Soulier, Sara Doke v Ministre de la Culture et de la Communication, Premier ministre*, EU:C:2016:536, Opinion of AG Wathelet

[5] Article 2(a) InfoSoc Directive

[6] Article 3(1) InfoSoc Directive

[7] Infopaq International, C-5/08, EU:C:2009:465, [43]; Painer, C-145/10, EU:C:2011:798, [96]

prior consent of its author. In other words: any use of a work carried out by a third party without such prior consent must be regarded as infringing the copyright in that work[8][34].

The Court, however, noted that neither Article 2(a) nor Article 3(1) would prescribe how such prior consent should be expressed [35]. In contrast to AG Wathelet, who observed that the author's express and prior consent for the reproduction or communication to the public of his work cannot be eliminated, assumed or limited by substituting it with tacit consent or a presumed transfer [Opinion, para 38-39], the CJEU took a less strict stance by holding that Article 2(a) and Article 3(1) of the InfoSoc Directive would also allow implicit consent [35]. It recalled its decision in *Svensson and Others,*[9] where the Court held that such consent was given where "an author had given prior, explicit and unreserved authorisation to the publication of his articles on the website of a newspaper publisher, without making use of technological measures restricting access to those works from other websites." [36]. The overall objective of increased protection as enshrined within Recital 9 of the Directive would, however, mandate that such implicit consent must be strictly defined [37]. Accordingly, authors must be actually informed by a third party of the future use of the work and of the means to prohibit such use should they so [38]. In the absence of any actual prior information relating to the intended future use, authors were not able to make an informed decision as to whether to consent or prohibit to such use, if necessary. This would render any implicit consent purely hypothetical [39].

Applying these considerations, the CJEU concluded that the legislation in question does not provide any mechanism ensuring that authors are actually and individually informed. Thus, the court held that a mere lack of opposition on their part cannot be regarded as an expression of their implicit consent [43]. With regard to the opting-out mechanism offered to authors by the French Law on out-of-print books, the CJEU clarified that authors who wish to terminate the commercial exploitation of their works in digital format are entitled to do so on their own and such opt-out not being subject to any formalities [46]. First, the court stressed, by referring to *Luksan,*[10] that the rights enshrined within Article 2(a) and Article 3(1) of the InfoSoc Directive are provided by original grant to authors. Therefore, they do not depend on the publishers as in the present case [47] - [49]. Secondly, the Court recalled Article 5(2) of the Berne Convention which stipulates that the enjoyment and exercise of the rights of reproduction and communication to the public pursuant to Article 2(a) and Article 3(1) of the InfoSoc Directive may not be subject to any formality [50].

[8] UPC Telekabel Wien v Constantin Film Verleih GmbH und Wega Filmproduktionsgesellschaft mbH, C-314/12, EU:C:2014:192, para 24 and 25
[9] Svensson v Retriever Sverige AB, C-466/12, EU:C:2014:76
[10] Martin Luksan v Petrus van der Let, C-277/10, EU:C:2012:65, [53]

Commentary

While the CJEU's judgement strengthens the author's exclusive right of reproduction and the making available right, the position of collective right management organisations, in particular those operating with Extended Collective Licences (ECL) arrangements appear to have been weakened. Like under the French digital exploitation system for out-of-print books, which, given its structure, is in fact rather an extended exclusive right management system than a collective licensing system[11], it is the very essence of certain ECL systems that most authors do not give express and prior consent to the exploitation of their rights. Usually, representative collecting right management organisations are mandated by law to act on behalf of authors who have not explicitly authorised to manage their rights.[12]

In the light of the present judgement, such national legislation does not seem to comply with the InfoSoc Directive. In addition, as pointed out by AG Wathelet such legislation would also counteract Article 5(2) and (7) of the Directive 2014/26/EU of the European Parliament and of the Council of 26 February 2014 on collective management of copyright and related rights and multi-territorial licensing of rights in musical works for online use in the internal market.[13] Article 5(2) of Directive 2014/26 states that 'right holders shall have the right to authorise a collective management organisation *of their choice* to manage the rights […]' and that a copyright holder must give 'consent specifically for each right or category of rights or type of works and other subject matter which he authorises the collective management organisation to manage'[emphasis added].

The judgement also puts Recital 18 of InfoSoc Directive into perspective, according to which the said Directive '*is without prejudice to the arrangements in the Member States concerning the management of rights such as extended collective licences*'. It seems to have been the position that this Recital would allow any kind of ECL scheme.[14] However, the CJEU – although not explicitly - clarifies that the author's exclusive rights remain the yardstick for ECL systems and other systems operating with the right holder's implicit or presumed consent to authorise the exercise of exclusive rights. What is more, in this point the CJEU's ruling complies with the general principle according to which the preamble to a Community (now Union) act has no binding legal force and cannot be relied on as a ground for derogating from the actual provisions of the act in question.[15]

[11] cf Sylvie Nérisson, 'La gestion collective des droits numériques des « livres indisponibles du XX^{e} siècle » renvoyée à la CJUE : le Conseil d'État face aux fondamentaux du droit d'auteur', (2015) Recueil Dalloz, No. 24, p. 1429 (1431)
[12] cf Alain Strowel, 'The European "Extended Collective Licensing" Model', (2011) *Columbia Journal of Law & the Arts,* 666.
[13] Case C‑301/15 *Marc Soulier, Sara Doke v Ministre de la Culture et de la Communication, Premier ministre*, EU:C:2016:536, Opinion of AG Wathelet, [58] – [61]
[14] Johan Axhamn and Lucie Guibault, *Cross-border extended collective licensing: a solution to online dissemination of Europe's cultural heritage?*, (2011) 52
[15] Nilsson and Others, C-162/97, EU:C:1998:554, [54]

As concerns the CJEU's findings with regard to the opt-out mechanism, the court's reasoning is convincing. Pursuant to the contested French Law, once an out-of-print book has been in the *Relire* database for more than six months without the author opposing, there are three options to opt out. First, authors have to oppose jointly with their publisher (Article L. 134-6, para 1). The CJEU correctly held that such procedure does not reconcile with the exclusive rights vested in authors. Secondly, the French law provides that authors can terminate the digital exploitation of their books in case authors consider their moral rights prejudiced (L. 134-4 para 3). Thirdly, authors of out-of-print book may decide at any time to withdraw the right to authorise its digital reproduction and its presentation to the public from the collecting society in charge if they provide evidence that they alone hold these rights (Article L. 134-6, para 2). As rightly held by the CJEU, such circumstances constitute formalities in the meaning of Article 5(2) of the Berne Convention. As a principle, the Berne Convention's minimum substantive norms do not apply to domestic authors in the country of origin of the work.[16] In other words, the Berne Convention does not prohibit Berne Member States to impose formalities on domestic authors as long as these are not imposed on foreign authors. In the case at hand, however, the contested law aims at out-of-print books published in France, regardless of the author's nationality or the country where the books were first published.

Following this decision, it would appear that the French legislation is not the only one encroaching on EU Copyright law. For instance, German and Slovak law[17] adopted similar legislation permitting the use of out-of-print works. With regards to the German Legislation, Section 51 of the Act on the Management of Copyright and Related Rights by Collecting Societies (German Collecting Society Law)[18] provides a legal assumption that collecting societies already managing the reproduction and the making available right in out-of-print works would be authorised to manage these rights for those right holders who have not mandated the collecting society to do so. In contrast to its French counterpart, the German law is, however, less extensive. It applies to out-of-print works published before 1 January 1966 in books, trade journals, newspapers, magazines or in other writings (section 51(1)(1) of the German Collecting Society Law) only, which are part of holdings of publicly accessible libraries, educational institutions, museums, archives and institutions active in the field of film and audio heritage (s 51(1)(2) of the German Collecting Society Law). What is more, users are only authorised to reproduce and make available such works for non-commercial purposes (s 51(1)(3) of the German Collecting Society Law). Although the German legislation resembles in many ways Article 7 of the proposed Directive on copyright in the Digital Single Market, such rights management scheme appears to infringe present EU Copyright law in the light of the judgement at issue. Not even a generous interpretation of limitation provided in Article 5 (3)(n) of the InfoSoc Directive could serve as legal basis of such legislation. Thus, until the proposed Directive on copyright in the Digital Single Market will eventually enter into force, the InfoSoc Directive precludes digitization of out-of-print works solutions, which are based on rights management schemes that operate with implicit or presumed consent,

[16] Jane C Ginsburg, 'Berne-Forbidden Formalities and Mass Digitization', (2016) Boston University Law Review Vol. 96, 745, 746
[17] Matej Gera, 'Extended collective licensing under the new Slovak Copyright Act', (2016) JIPLP 11(3) 170
[18] Verwertungsgesellschaftengesetz vom 24. Mai 2016, BGBl. I p. 1190

such as under present French Law. Future legislations will have to establish mechanisms, which must inform the right holders of future use of their works and of the means to prohibit such use.