European Communities Trade Mark Association

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ECTA POSITION PAPER

PROPOSAL FOR A DIRECTIVE OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL ON COPYRIGHT IN THE DIGITAL SINGLE MARKET

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COMMENTS ON ARTICLES 3 AND 13

I. INTRODUCTION

ECTA has analysed the text issued on 13 December 2017, of the Consolidated Presidency compromise proposal (15651/17) for a Directive of the European Parliament and of the Council on copyright in the Digital Single Market (hereinafter - the "Consolidated Proposal"), focusing its attention particularly on Article 3, "*Text and data mining*", Article 3a "*Optional exception or limitation for text and data mining*" placed under the TITLE II, "MEASURES TO ADAPT EXCEPTIONS AND LIMITATIONS TO THE DIGITAL AND CROSS-BORDER ENVIRONMENT", and Article 13 "*Use of protected content by online content sharing service providers*", placed under *Chapter 2, "Certain uses of protected content by online services"* of TITLE IV, "MEASURES TO ACHIEVE A WELL-FUNCTIONING MARKETPLACE FOR COPYRIGHT".

It has been ECTA's objective to understand and carry out an analysis which addresses in the first place whether the current text of each Article is primarily capable to reach the goal stated and, in the second place, what changes (if any) may be suggested to increase the likelihood that such rules may attain the results they aim to achieve.

Thus, keeping in mind the fundamental principle set forth by Recital 6, i.e. "*The exceptions and the limitations provided for in this Directive seek to achieve a fair balance between the rights and interests of authors and other rightholders on the one hand, and of users on the other. They can be applied only in certain special cases which do not conflict with the normal exploitation of the works or other subject-matter and do not unreasonably prejudice the legitimate interests of the rightholders*", the following analysis will look into whether Articles 3, 3a and 13 of the Consolidated Proposal, respectively, succeed in their goal to find a balanced solution between the need to provide exceptions and limitations and the peculiar challenges posed by the digital and cross-border environment today (and hopefully even in the future), as well as whether Article 13 succeeds in achieving a well-functioning marketplace for copyright.

ECTA Secretariat, Rue des Colonies 18/24, Box 8, 8th Floor, BE-1000 Brussels, Belgium
Tel: +32/2 513 52 85 Fax: + 32/2 513 09 14 E-mail: ecta@ecta.org Website: www.ecta.eu

II. COMMENTS

1. ECTA´s Comments with respect to Article 3 of the Consolidated Proposal

In order to fully understand the nature and possible consequences of Article 3, ECTA believes it is necessary to first look at Article 2(1), (2) and (3), according to which:

> *(1) 'research organisation' means an entity, the primary goal of which is to conduct scientific research or to provide educational services involving also the conduct of scientific research:*
>
> *(a) on a non-for-profit basis or by reinvesting the profits in its scientific research; or*
>
> *(b) pursuant to a public interest mission recognised by a Member State;*
>
> *in such a way that the access to the results generated by the scientific research cannot be enjoyed on a preferential basis by an undertaking exercising a decisive influence upon such organisation;*
>
> *(2) 'text and data mining' means any automated analytical technique aiming to analyse text and data in digital form in order to generate information such as patterns, trends and correlations;*
>
> *(3) 'cultural heritage institution' means a publicly accessible library or museum, an archive or a film or audio heritage institution;*

ECTA cannot but remark that the definition of the "research organisation" is rather (and unjustifiably) narrow and vague.

Narrow, because by indicating that the primary goal must be conducting scientific research or providing educational services involving also the conduct of scientific research, this definition excludes exceptions in case of institutions which either primarily carry out other activities (like hospitals) or need to generate income in order to survive in light of the increasing cuts in their R&D budgets that all EU countries are implementing (like non-profit or voluntary-based organisations). In addition, the definition seems to ignore the increasing contribution to science made by individuals and organisations, like private libraries and museums, journalists and scientists not affiliated with an educational establishment.

Vague, because according to the current wording and in absence of any clarifying language, any 'research organisations' which is not totally "non-profit" unless it reinvests 100% of its profits in its scientific research, would fall outside the scope of the definition. As indicated above, and recognised explicitly in Recital 10, in today's economic scenario, the idea of "pure" research is no longer viable, and the same universities (many of which are acting as for profit institutions) which are usually the nest of speculative research, are progressively seeking funds by either investing in developing, creating and marketing IP (mostly patents) or by joining forces with industry to get additional money necessary, for instance to offer scholarships and grants to worthy students and projects. In addition, the reference to "cultural heritage" which is undefined (notwithstanding what is stated in Recital 11a), may

allow discrimination against "non-heritage" culture, and in an era of increasing racial tensions, it would perhaps be advisable to better clarify what "cultural heritage" means.

Keeping in mind the foregoing, ECTA believes that Article 3 is a good compromise, however, ECTA has the following specific comments on the Consolidated Proposal:

> ***Article 3(1):*** *Member States shall provide for an exception to the rights provided for in Article 2 of Directive 2001/29/EC, Articles 5(a) and 7(1) of Directive 96/9/EC [and Article 11(1) of this Directive] for reproductions and extractions made by research organisations and cultural heritage institutions in order to carry out text and data mining of works or other subject-matter to which they have lawful access, for the purposes of scientific research.*

The key word is "scientific research", and ECTA is concerned that use of "scientific" may lend itself to inconsistency and abuses. As the current debate in the USA over the climate change demonstrates, political interests may easily be served by defining what is "scientific" or not. It would thus be preferable to simply use "research", so as to avoid any misunderstanding.

> ***Article 3(1)a:*** *Copies of works or other subject-matter made in compliance with paragraph 1 shall be stored with an appropriate level of security and not be retained for longer than necessary for achieving the purposes of scientific research.*

While the objective of this "short term retention policy" and appropriate security is commendable, it should be clarified that the data retention is not dependent upon any particular single "project" and thus data retention can continue as long as such data are used or may be reasonably used for research purposes.

> ***Article 3(2):*** *Moved to Article 6(1).*

No comments.

> ***Article 3(3):*** *Rightholders shall be allowed to apply measures to ensure the security and integrity of the networks and databases where the works or other subject-matter are hosted. Such measures shall not go beyond what is necessary to achieve that objective.*

ECTA entirely agrees that any institution should be held responsible for the security and integrity of the networks and databases where the works or other subject-matter are hosted, and this should apply both at the source and at destination (i.e. where the data are collected/processed). Any interpretation giving rightholders the right to actually and physically enter any premises and install any device of any institution carrying out data mining must nonetheless be avoided.

> ***Article 3(4):*** *Member States shall encourage rightholders, research organisations and cultural heritage institutions to define commonly-agreed best practices concerning the application of the obligation and measures referred to respectively in paragraphs 1a and 3.*

ECTA agrees with this approach but finds that the "encouragement" may be more successful by also requesting Member States to first agree among themselves on commonly agreed best practices so as to avoid a patchwork of different standards.

> ***Article 3a**: Optional exception or limitation for text and data mining*
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> *Without prejudice to Article 3 of this Directive Member States may provide for an exception or a limitation to the rights provided for in Article 2 of Directive 2001/29/EC, Articles 5(a) and 7(1) of Directive 96/9/EC [and Article 11(1) of this Directive] for temporary reproductions and extractions of lawfully accessible works and other subject-matter that form part of the process of text and data mining, provided that such use is not expressly reserved by the rightholder.*
>
> *Rightholders shall be allowed to apply measures to ensure that any reservation of use referred to in subparagraph 1 is respected.*

No comments.

II. ECTA´s Comments with respect to Article 13 of the Consolidated Proposal

ECTA is well aware of the contentious issues, heated discussions and polarised views which continue to surround this Article of the proposed directive and its subject matter. Although ECTA's own constituency may also reflect this divisiveness in its individual membership opinions, ECTA acknowledges that ultimately whether or not the subject matter of Article 13 is or is not worthy of legislative protection is the result of political not juridical considerations and as ECTA does not wish to entertain, at this moment any politically biased opinion, it will only express its view on purely technical points.

It is ECTA's view that the current formulation of Article 13 creates legal uncertainty, in particular by its use of undefined legal concepts and unclear formulations.

Up to now, the EU law does not regulate secondary liability, it only legislates certain availability of injunctions against intermediaries, regardless of whether or not they may be considered secondary liable under the applicable national law (Article 8 of the Information Society Directive, Article 11 of the Enforcement Directive and Article 63(1) of the UPC Agreement). The exact conditions for such injunctions are left for the Member States. Thus, the attempt to bring the intermediaries' liability within the field of copyright infringement (primary liability does not seem justified under current CJEU case law (the CJEU Pirate Bay decision C-610/15, Stichting Brein v Ziggo BV and XS4All Internet BV) does support the conclusion that information society service providers perform "an act of communication to the public" simply by storing and "providing access" to the user-uploaded content.

> ***Article 13**: Use of protected content by online content sharing service providers*

ECTA notices the deletion of the prior "large amount" qualifier which certainly eliminates a possible source of uncertainties.

> ***Article 13(1):*** *Member States shall provide that an online content sharing service provider is performing an act of communication to the public or an act of making available to the public within the meaning of Article 3(1) and (2) of Directive 2001/29/EC and Article 8(2) of Directive 2006/115/EC when it intervenes in full knowledge of the consequences of its action to give the public access to the copyright protected works or other protected subject matter uploaded by their users by organising these works or other subject matter with the aim of obtaining profit from their use.*

The first paragraph sets four conditions: If (1) an online content sharing service provider (2) intervenes in full knowledge of its action to give public access to the copyright protected works or other protected subject matter uploaded by their users (3) by organising these works (4) with the aim of obtaining profit, then Member States shall provide that such a provider is performing an act of communication to the public or an act of making available to the public within the meaning of Article 3(1) and (2) of Directive 2001/29/EC and Article 8(2) of Directive 2006/115/EC.

This paragraph seems to set conditions that are cumulative in nature (i.e. the lack of any single one should not "trigger" the consequence). However, it is unclear whether this is set like this, or may be changed at the national level. In addition, what exactly and practically is required for applicability is also unclear. Who decides whether “the main or one of the main purposes” of an information society provider is “to store and give access to the public to copyright protected works or other protected subject-matter uploaded by its user” rather than “to store and give access to the public to subject-matter uploaded by its users”? The rule not only predicates an *ex ante* fact which is instead an *ex post* factual conclusion (i.e. whether or not the content uploaded by users is protected or not), but seemingly exposes to absolute liability because one single upload of protected content suffices to trigger the consequence. In addition, it is unclear what “full knowledge of the consequences” really means that a defence of "unawareness" is built into the law, and whether “the organising” should be strictly interpreted as "provision of categories", or if simply providing a “search” capability, would suffice (see also Recital 38a which instead uses a much broader language). Finally, it is unclear if “the profit” is to be considered as any benefit accrued and directly generated by the use of protected content, or whether or not it regards the general activity of the information society provider (i.e. would a non-profit organisation be exempted?) ECTA believes that it would perhaps be beneficial, as it has been done in Article 2, to provide for a list of definitions which may help the users of the systems (which include multiple subjects).

> ***Article 13(1)a:*** *Member States shall provide that an online content sharing service provider referred to in paragraph 1, when it is not eligible for the limited liability provided for in Article 14 of Directive 2000/31/EC, shall not be liable for unauthorised acts of communication to the public and acts of making available provided that it*
>
> > *(a) takes effective measures to prevent the availability on its services of unauthorised works or other subject-matter identified by rightholders, and*
> >
> > *(b) upon notification by rightholders of a specific unauthorised work or other subject matter, acts expeditiously to remove or disable access to the specific*

unauthorised work or other subject matter and prevent its future availability through the measures referred to in sub-paragraph (a).

Where rightholders have not provided the online content sharing service provider data on unauthorised works or other subject-matter to be prevented through the application of the measures referred to in sub-paragraph (a), an online content sharing service provider which have taken such measures shall not be liable for the unauthorised acts of communication to the public and acts of making available of these works and other subject matter.

ECTA understands that this paragraph requires online content sharing service providers to „prevent the availability *"on its services of unauthorised works or other subject-matter identified by rightholders*", and limits its liability if it does so and also "*prevents its future*" such availability. ECTA does not wish to comment on the merits of this provision but is still somewhat concerned with two issues. On the one hand, ECTA notices that an interpretation may be given about "future prevention" so as to require service providers to actively monitor all uploaded content. On the other hand, ECTA would welcome clearer parameters about what measures should be taken so as to make sure that different standards are not enacted among the EU Member States.

Article 13(1)b: *Member States shall ensure that the measures referred to in paragraph 1(a) shall be appropriate and proportionate, taking into account, among others, the nature of the services, the amount and the type of works or other protected subject-matter uploaded by the users of the services without the authorisation of rightholders, the availability and costs of relevant technologies and their effectiveness in light of technological developments. The service provider shall provide rightholders at their request with adequate information on the functioning and deployment of the measures.*

Although as indicated, ECTA does not wish to comment on the merits, ECTA merely notices that the provision fails to take into considerations the "size" of the service providers, and the possibility that the costs required for the small and medium enterprises as well as start-ups to implement such measures may effectively create barriers to entry.

Article 13(2): *Member States shall provide that that the measures referred to in paragraph 1a (a) and the action taken following a notification by rightholders referred to in paragraph 1a (b) shall be implemented by an online content sharing service provider without prejudice to the freedom of expression and information of their users and the possibility for the users to benefit from an exception or limitation to copyright. For that purpose the service provider shall put in place a complaint and redress mechanism that is available to users of the service in case of disputes over the application of the measures. Complaints submitted under this mechanism shall be processed in collaboration with rightholders within a reasonable period of time. This mechanism shall allow the preliminarily blocked content to be made publicly available until the parties agree on the action to follow or the complaint is otherwise dealt with. Relevant rightholders shall be appropriately notified about these uploads to allow them to enforce their rights with regard to infringing works or other subject matter, as appropriate.*

ECTA notices that given that freedom of expression and information should be considered among the highest principles of the European Union, their protection should be ironclad. ECTA thus remarks that while providing for a "*complaint and redress mechanism*" is worthy and necessary, this paragraph perhaps still falls short of its goal for it does not indicate what the redress is and what the consequences are, also vis-a-vis rightholders. ECTA also believes that the article should unambiguously indicate what the discipline should be in case of abuses.

> ***Article 13(3)**: Member States shall facilitate, where appropriate, the cooperation between the online content sharing service providers and rightholders through stakeholder dialogues to define best practices, such as the use of appropriate and proportionate measures.*

No particular comment, save to say that ECTA welcomes all cooperative efforts, believing that seeking consent rather than imposing one-sided duties is usually a better way to manage things.

> ***Article 13(4)**: Deleted.*

No comments.

> ***Article 13(5)**: Member States shall provide that licencing agreements concluded between online content sharing service providers and relevant rightholders, shall cover the acts of the users of the services falling within Article 3(1) and (2) of Directive 2001/29/EC and Article 8 (2) of Directive 2006/115/EC, when the users are not acting in a professional capacity.*

ECTA is unsure about what the specific subject matter and scope of this paragraph is. More in particular, since Article 3 of Directive 2001/29/EC concerns the so called "right of communication", it is unclear whether "*the licensing agreements .... shall cover the acts of the users*" means that such agreements must exclude users' liability (as it was indicated in Recital 38b and in the prior version of the proposed directive). ECTA also notices that Recital 38b from which this paragraph seems originating seems to provide for a somewhat different situation: "*Where authorisations are granted by rightholders to information society services for the use of their content uploaded by their users of the services, these authorisations should also cover the liability of the users for copyright relevant acts but only in cases where the users do not act in their professional capacity*" and perhaps it may be appropriate to specify the wording: "shall cover the acts and the liability of the users".

III. FINAL REMARKS

We hope that the above comments are of help to you and can be considered. Should you need any clarification or further information on any of the points raised we will be happy to provide such further input.

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ECTA, which was formed in 1980, is an organisation concerned primarily with trade marks and designs. ECTA has approximately 1,500 members, coming from all the Member States of the EU, with associate Members from more than 50 other countries throughout the world. ECTA brings together those practicing in the field of IP, in particular, trade marks, designs, geographical indications, copyright and related matters. These professionals are lawyers, trade mark and patent attorneys, in-house lawyers concerned with IP matters, and other specialists in these fields. ECTA does not have any direct or indirect links to, and is not funded by, any section of the tobacco industry.

The extensive work carried out by the Association, following the above guidelines, combined with the high degree of professionalism and recognised technical capabilities of its members, has established ECTA at the highest level and has allowed the Association to achieve the status of a recognised expert spokesman on all questions related to the protection and use of trade marks, designs and domain names in and throughout the European Union, and for example, in the following areas:

- Harmonization of the national laws of the EU member countries;
- European Union Trade Mark Regulation and Directive;
- Community Design Regulation and Directive;
- Organisation and practice of the EUIPO.

In addition to having close links with the European Commission and the European Union Intellectual Property Office (EUIPO), ECTA is recognised by WIPO as a non-Government Organisation (NGO).

ECTA does also take into consideration all questions arising from the new framework affecting trade marks, including the globalization of markets, the explosion of the Internet and the changes in the world economy.