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## The Perfect Match – Civil Law Judges and Open-Ended Fair Use Provisions

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# THE PERFECT MATCH: CIVIL LAW JUDGES AND OPEN-ENDED FAIR USE PROVISIONS

MARTIN SENFTLEBEN\*

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In the debate over the introduction of open-ended fair use provisions in the copyright legislation of civil law countries, it is often argued that judges with a civil law background do not have the experience necessary to apply open-ended norms in an appropriate way.<sup>1</sup> The argument poses an obstacle to a meaningful debate about fair use because of its destabilizing effect. Policy makers are concerned that the adoption of fair use provisions could cause legal uncertainty and erode traditional civil law culture in the field of

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1. Martin Senftleben, *Comparative Approaches to Fair Use: An Important Impulse for Reforms in EU Copyright Law*, in *METHODS AND PERSPECTIVES IN INTELLECTUAL PROPERTY* 30, 44-46 (Graeme B. Dinwoodie ed., 2013) [hereinafter *Comparative Approaches to Fair Use*] (arguing that the various criticisms lodged against civil law judges are not valid arguments against open-ended fair use provisions in copyright law).

copyright. The situation in the European Union (“EU”) can serve as an example.<sup>2</sup> Despite strong pleas for the introduction of an opening clause<sup>3</sup> and the emergence of more fair use legislation in other regions,<sup>4</sup> the current reform proposals of the European Commission do not include adopting an open-ended fair use norm.<sup>5</sup> While the 2013/2014 Public Consultation on the Review of EU Copyright Rules explicitly addressed the need for more flexibility,<sup>6</sup> the

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2. See *Report on the Responses to the Public Consultation on the Review of the EU Copyright Rules*, at 34, COM (July 2014) (“These stakeholders are particularly against the introduction of an open norm that is similar to the ‘fair use’ principle in the US. They argue that this would not be in line with European legal traditions and that replacing statutory law by judge-made law would inevitably result in less legal certainty. They point out that in the US, nearly two hundred years of case-law supports the application of this principle. This would not be the case in Europe, if such a principle was introduced”).

3. See P. Bernt Hugenholtz, *Flexible Copyright: Can EU Author’s Right Accommodate Fair Use?*, in *COPYRIGHT LAW IN AN AGE OF LIMITATIONS AND EXCEPTIONS* 242, 242-243 (Cambridge University Press 2016) [hereinafter *Flexible Copyright*]; P. Bernt Hugenholtz & Martin R.F. Senftleben, *Fair Use in Europe. In Search of Flexibilities* 8-9 (Amsterdam L. Sch., Res. Paper No. 2012-39, 2011); P. B. HUGENHOLTZ, *AUTEURSRECHT OP INFORMATIE* 170-171 (Deventer: Kluwer 1989); Jonathan Griffiths, *The “Three-Step Test” in European Copyright Law – Problems and Solutions*, 4 *INTELL. PROP. Q.* 428, 444-45 (2009); Senftleben, *Comparative Approaches to Fair Use*, *supra* note 1, at 35; Martin Senftleben, *Bridging the Differences Between Copyright’s Legal Traditions – The Emerging EC Fair Use Doctrine*, 57 *J. COPYRIGHT SOC’Y U.S.* 521, 540 (2010) [hereinafter *Bridging the Differences Between Copyright’s Legal Traditions*]; Martin Senftleben, *The International Three-Step Test: A Model Provision for EC Fair Use Legislation*, 1 *J. INTELL. PROP. INFO. TECH. & E-COM. L.* 67, 69 (2010) [hereinafter *The International Three-Step Test*]; Christiaan Alberdingk Thijm, *Fair use: het auteursrechtelijk evenwicht hersteld*, 9 *AMI* 145 (1998); *European Copyright Code Proposal*, THE WITTEM GROUP 123, 126 (2010).

4. See Orit F. Afori, *An Open Standard “Fair Use” Doctrine: A Welcome Israeli Initiative*, 30 *EUR. INTELL. PROP. REV.* 85, 85 (2008); Guy Pessach, *The New Israeli Copyright Act – Case-Study in Reverse Comparative Law*, 41 *INT’L REV. INTELL. PROP. & COMPETITION L.* 187, 189-193 (2010).

5. See *Proposal for a Directive of the European Parliament and of the Council on Copyright in the Digital Single Market*, at 3, COM (2016) 593 final (Sept. 14, 2016) [hereinafter *Proposal for a Directive*] (proposing greater transparency and balanced contractual relationships between creators and rights holders).

6. See *Public Consultation on the Review of the EU Copyright Rules*, at 18, 33-36 COM (Mar. 3, 2014) (showing that end users/consumers and institutional users of protected material were in favor of the adoption of an opening clause, whereas authors/performers, publishers/producers/broadcasters and collective

proposed new copyright legislation is silent on the issue.<sup>7</sup>

Against this background, the following analysis seeks to dispel unfounded concerns about overstrained judges. The analysis seeks to pave the way for new fair use legislation in the EU by showing civil law judges are capable of applying open-ended fair use norms adequately and consistently. To lay groundwork for this analysis, Section 1 will outline the legislative traditions underlying copyright limitations in civil law countries (the majority of EU member states) and common law countries (such as the U.S.) before emphasizing in Section 2 the need for the introduction of open-ended fair use legislation in civil law systems, in particular in EU copyright law. On this basis, Section 3 discusses strategies for translating lessons to be learned from the U.S. fair use approach into the EU system. Section 4 then demonstrates that the introduction of a flexible copyright limitation is unlikely to fail because of an inability or reluctance of civil law judges to apply open-ended norms. It provides an analysis of the existing open-ended defense of “due cause” in EU trademark law to show that the opposite is true. This paper ends, through Sections 5 and 6, by pointing out that a flexible copyright limitation in civil law jurisdictions need not be a verbatim copy of the U.S. fair use doctrine. It seems preferable to apply traditional limitation prototypes by analogy in situations that require new use privileges. To establish a system that allows this analogous application, however, the role of the three-step test in EU copyright law would have to be recalibrated.

## I. COPYRIGHT’S LEGAL TRADITIONS

International law making and harmonization activities have led to a remarkable approximation of Anglo-American copyright and continental European droit d’auteur.<sup>8</sup> To this day, however, the approaches to copyright limitations differ significantly. Whereas continental European countries provide for a closed catalogue of carefully defined exceptions, the Anglo-American copyright tradition

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management organizations were against the adoption of a fair use element).

7. *Proposal for a Directive*, *supra* note 5, at 2.

8. *See* Hugenholtz & Senftleben, *supra* note 3, at 8-9 (advocating for the implementation of fair use practices).

allows for an open-ended fair use system that leaves the task of identifying individual cases of exempted unauthorized use to the courts.<sup>9</sup>

Reflecting the continental European approach, Article 5 of the Information Society Directive (ISD) sets forth various types of specific copyright exceptions.<sup>10</sup> Besides the mandatory exemption of temporary acts of reproduction to be implemented by all member states, Article 5 contains optional exceptions that relate to private copying; use of copyrighted material by libraries, museums, and archives; ephemeral recordings; reproductions of broadcasts made by hospitals and prisons; illustrations for teaching or scientific research; use for the benefit of people with disabilities; press privileges; use for the purpose of quotations, caricature, parody, and pastiche; use for the purposes of public security and for the proper performance or reporting of administrative, parliamentary, or judicial proceedings; use of political speeches and public lectures; use during religious or official celebrations; use of architectural works located permanently in public places; incidental inclusions of a work in other material; use for the purpose of advertising the public exhibition or sale of artistic works; use in connection with the demonstration or repair of equipment; use for the reconstruction of buildings; and additional cases of use having minor importance.<sup>11</sup> The EU legislator added specific exceptions concerning the digitization of orphan works in the Orphan Works Directive.<sup>12</sup> In the current debate on the reform of

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9. *The International Three-Step Test*, *supra* note 3, at 68.

10. Directive 2001/29/EC of the European Parliament and of the Council of 22 May 2001 on the Harmonisation of Certain Aspects of Copyright and Related Rights in the Information Society, 2001 O.J. (L 167) 10, 16-17 [hereinafter Directive 2001/29/EC].

11. *Id.*

12. See Directive 2012/28/EU of the European Parliament and of the Council of 25 October 2012 on Certain Permitted Uses of Orphan Works, 2012 O.J. (L 299) 5, 9-10; MIRJAM ELFERINK & ALLARD RINGNALDA, DIGITALE ONTSLUITING VAN HISTORISCHE ARCHIEVEN EN VERWEESDE WERKEN (2009); A.C. Beunen & L. Guibault, *Brussels Memorandum of Understanding inzake digitalisering en online beschikbaarstelling van out-of-commerce boeken en tijdschriften*, 6 AMI 221 (2011); Stef van Gompel, *Unlocking the Potential of Pre-Existing Content: How to Address the Issue of Orphan Works in Europe?*, 38 INT'L REV. INTELL. PROP. & COMPETITION L. 669, 679-80 (2007) [hereinafter *Unlocking the Potential of Pre-Existing Content*]; David B. Sherman, *Cost and Resource Allocation Under the*

EU copyright law, the European Commission tabled proposals that would lead to the introduction of a specific text-and-data mining exception in favor of research institutions<sup>13</sup> and specific exceptions for the cross-border exchange of special format copies for persons who are blind or print disabled in line with the Marrakesh Treaty.<sup>14</sup>

A prominent example of the Anglo-American approach to copyright limitations is the fair use doctrine in the U.S.<sup>15</sup> Section 107 of the U.S. Copyright Act permits the unauthorized use of copyrighted material for purposes “such as criticism, comment, news reporting, teaching . . . , scholarship, or research.”<sup>16</sup> To guide the decision on individual forms of use, four factors are set forth in the provision which shall be taken into account among other

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*Orphan Works Act of 2006: Would the Act Reduce Transaction Costs, Allocate Orphan Works Efficiently, and Serve the Goals of Copyright Law?*, 12 VA. J.L. & TECH. 10, 13 (2007).

13. See *Proposal for a Directive*, *supra* note 5, at 6; Marco Caspers & Lucie Guibault, *Baseline Report of Policies and Barriers of TDM in Europe*, FUTURETDM 2, 9-10, 12 (2016), [http://project.futuretdm.eu/wp-content/uploads/2017/05/FutureTDM\\_D3.3-Baseline-Report-of-Policies-and-Barriers-of-TDM-in-Europe.pdf](http://project.futuretdm.eu/wp-content/uploads/2017/05/FutureTDM_D3.3-Baseline-Report-of-Policies-and-Barriers-of-TDM-in-Europe.pdf) (discussing an overview of legal aspects of text-and-data mining in the EU).

14. *Proposal for a Regulation of the European Parliament and of the Council on the Cross-Border Exchange between the Union and Third Countries of Accessible Format Copies of Certain Works and Other Subject-Matter Protected by Copyright and Related Rights for the Benefit of Persons who are Blind, Visually Impaired or Otherwise Print Disabled*, at 2, COM (2016) 595 final (Sept. 14, 2016); see LAURENCE R. HELFER ET AL., *THE WORLD BLIND UNION GUIDE TO THE MARRAKESH TREATY* 1, 8, 10 (2017); Judith Sullivan, *Study on Copyright Limitations and Exceptions for the Visually Impaired*, WORLD INTELLECTUAL PROPERTY ORGANIZATION [WIPO], at 16 WIPO Doc. SCCR/15/7 (Feb. 20, 2007), [http://www.wipo.int/edocs/mdocs/copyright/en/sccr\\_15/sccr\\_15\\_7.pdf](http://www.wipo.int/edocs/mdocs/copyright/en/sccr_15/sccr_15_7.pdf); Paul Harpur & Nicolas Suzor, *Copyright Protections and Disability Rights: Turning the Page to a New International Paradigm*, 36 U. N.S.W. L.J. 745, 746-47 (2013); Marketa Trimble, *The Marrakesh Puzzle*, 45 INT’L REV. INTELL. PROP. & COMPETITION L. 768, 770 (2017); Jonathan Band & Peter Jaszi, *Model Statute for Implementation of the Marrakesh Treaty to Facilitate Access to Published Works for Persons who are Blind, Visually Impaired, or Otherwise Print Disabled*, INFOJUSTICE.ORG (Sept. 26, 2013), <http://infojustice.org/wp-content/uploads/2013/09/MODEL-STATUTE-FOR-MARRAKESH-IMPLEMENTATION.pdf>.

15. United States Copyright Act, 17 U.S.C. § 107 (1976).

16. Leon E. Seltzer, *Exemptions and Fair Use in Copyright: The “Exclusive Rights” Tensions in the New Copyright Act*, 24 BULL., COPYRIGHT SOC’Y U.S. 215, 231 (1977) (citing 17 U.S.C. § 107).

considerations that may be relevant in a given case:

(1) the purpose and character of the use, including whether such use is of a commercial nature or is for non-profit educational purposes;

(2) the nature of the copyrighted work;

(3) the amount and substantiality of the portion used in relation to the copyrighted work as a whole; and

(4) the effect of the use upon the potential market for or value of the copyrighted work.<sup>17</sup>

On the basis of this legislative framework and established case law, U.S. courts conduct a case-by-case analysis to determine whether the court can exempt a given use from the control of the copyright holder.<sup>18</sup>

The remarkable difference in the regulation of copyright limitations becomes understandable in the light of the theoretical groundwork underlying common law and civil law copyright systems.<sup>19</sup> The fair use approach can be traced back to the utilitarian foundation of the Anglo-American copyright tradition that perceives copyright as a privilege granted to enhance the overall welfare of society by ensuring a sufficient supply of knowledge and information.<sup>20</sup> Therefore, the exclusive rights of authors deserve individual positive legal enactment.<sup>21</sup> The forms of use that need not be reserved for the right owner to provide the necessary incentive

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17. U.S. Copyright Act § 107.

18. *Cf.* *Sony Corp. v. Universal City Studios, Inc.*, 464 U.S. 416, 447-48, 452-56 (1984) (using the equitable rule of reason to judge infringement claims).

19. Seltzer, *supra* note 16, at 260.

20. *See* *Harper & Row Publishers, Inc. v. Nation Enter.*, 471 U.S. 539, 559 (1985) (referring to copyright as an “engine of free expression”).

21. *Cf.* Alain Strowel, *Droit d'auteur and Copyright: Between History and Nature*, in *OF AUTHORS AND ORIGINS: ESSAYS ON COPYRIGHT LAW* 235, 241-249 (Brad Sherman & Alain Strowel eds., 1994) (establishing copyright as a positive legal enactment and *droit d'auteur* as a natural right); Steve P. Calandrillo, *An Economic Analysis of Property Rights in Information: Justifications and Problems of Exclusive Rights, Incentives to Generate Information, and the Alternative of a Government-Run Reward System*, 9 *FORDHAM INTELL. PROP. MEDIA & ENT. L.J.* 301, 310 (1998) (finding property rights to be legislated rights not natural rights).

remain free.<sup>22</sup> Otherwise, the legislator would award rights that are unnecessary to achieve the goals of the system. In sum, exclusive rights are thus delineated precisely, while their limitation can be regulated flexibly in open-ended provisions, such as fair use.<sup>23</sup> Oversimplifying the theoretical model underlying common law copyright, one might say that freedom of use is the rule; rights are the exception.

The opposite constellation – rights the rule, freedom the exception – follows from the natural law underpinning of continental European *droit d'auteur*.<sup>24</sup> In the natural law theory, the author occupies center stage.<sup>25</sup> A literary or artistic work is perceived as a materialization of the author's personality.<sup>26</sup> Accordingly, it is assumed that a bond unites the author with the object of her creation.<sup>27</sup> Moreover, the author acquires a property right in her work by virtue of the mere act of creation.<sup>28</sup> This has the corollary that nothing is left to the law apart from formally recognizing what is already inherent in the very nature of things.<sup>29</sup> The author-centrism of the civil law system calls on the legislator to safeguard broad rights, giving authors the opportunity to profit from the use of their self-expression and to bar factors that might stymie their exploitation.<sup>30</sup> In consequence, civil law copyright systems recognize flexible, broad exclusive rights.<sup>31</sup> In contrast, civil law courts define rights narrowly and often

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22. Calandrillo, *supra* note 21, at 310.

23. See Paul E. Geller, *Must Copyright Be For Ever Caught Between Marketplace and Authorship Norms?*, in *OF AUTHORS AND ORIGINS: ESSAYS ON COPYRIGHT LAW* 159, 170 (Brad Sherman & Alain Strowel eds., 1994); Strowel, *supra* note 21, at 250-251.

24. Bernard Edelman, *The Law's Eye: Nature and Copyright*, in *OF AUTHORS AND ORIGINS: ESSAYS ON COPYRIGHT LAW* 79, 82-87 (Brad Sherman & Alain Strowel eds., 1994).

25. *Id.* at 82-87; Geller, *supra* note 23, at 169-70; Strowel, *supra* note 21, at 236-37.

26. Edelman, *supra* note 24, at 82-87.

27. Cf. HENRI DESBOIS, *LE DROIT D'AUTEUR EN FRANCE* 236-37 (Paris:Dalloz 1978); EUGEN ULMER, *URHEBER- UND VERLAGSRECHT* 110-11 (Springer-Verlag, 3d ed., 1980).

28. DESBOIS, *supra* note 27, at 236-37; ULMER, *supra* note 27, at 110-11.

29. DESBOIS, *supra* note 27, at 538; ULMER, *supra* note 27, at 105-06.

30. DESBOIS, *supra* note 27, at 538; ULMER, *supra* note 27, at 105-06.

31. DESBOIS, *supra* note 27, at 538; ULMER, *supra* note 27, at 105-06.



restrictively.<sup>32</sup>

Both approaches to copyright limitations have specific merits. Precisely defined exceptions in continental European countries may offer a high degree of legal certainty.<sup>33</sup> With a closed catalogue of permissible exceptions and a detailed description of their scope, it becomes foreseeable for users and investors which forms of use fall under the control of the copyright holder and can serve as a basis for the exploitation of copyrighted material, and which acts of unauthorized use remain outside this controlled area and can be carried out without infringing copyright.<sup>34</sup>

The central advantage of the Anglo-American fair use approach is flexibility.<sup>35</sup> Within a flexible fair use framework, the courts can broaden and restrict the scope of copyright limitations to safeguard copyright's delicate balance between exclusive rights and competing social, cultural, and economic needs. This renders judges capable of adapting the copyright limitation infrastructure to new circumstances and challenges, such as the digital environment.<sup>36</sup> Leaving this discretion to the courts reduces the need for constant amendments to legislation that may have difficulty in keeping pace with the speed of

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32. See Case C-5/08, *Infopaq Int'l A/S v. Danske Dagblades Forening*, 2009 E.C.R. I, ¶ 76, <http://curia.europa.eu> (insisting on the need to interpret copyright exceptions strictly); ACHIM FORSTER, FAIR USE: EIN SYSTEMVERGLEICH DER SCHRANKENGENERALKLAUSEL DES US-AMERIKANISCHEN COPYRIGHT ACT MIT DEM SCHRANKENKATALOG DES DEUTSCHEN URHEBERRECHTSGESETZES 182-84 (2008); cf. Geller, *supra* note 23, at 170; Strowel, *supra* note 21, at 236-37 (explaining the traditional, narrow interpretation of copyright exceptions in civil law jurisdictions).

33. Cf. H. Cohen Jehoram, *Wie is bang voor de driestappentoets in de Auteursrechtlijn?*, in N.A.N.M 57 (van Eijk & P.B. Hugenholtz, eds., 2006); H. Cohen Jehoram, *Nu de gevolgen van trouw en ontrouw aan de Auteursrechtlijn voor fair use, tijdelijke reproductieve en driestappentoets*, 29 AMI 153 (2005); H. Cohen Jehoram, *Fair Use – die ferne Geliebte*, 22 AMI 174 (1998); Andre Lucas, *For a Reasonable Interpretation of the Three-Step Test*, 32 EUR. INTEL. PROP. REV. 277, 282 (2010) (suggesting fair use does not lead to the desired legal certainty); H. Cohen Jehoram, *Implementatie van de Auteursrechtlijn – De stille strijd tegen een spookrijder*, NEDERLANDS JURISTENBLAD 1690 (2002).

34. Lucas, *supra* note 33, at 282.

35. GIUSEPPE MAZZIOTTI, EU DIGITAL COPYRIGHT LAW AND THE END-USER 103-04 (2007).

36. *Id.*

technological development.<sup>37</sup>

There are benefits that accrue from flexible copyright limitations in the ongoing process of adapting copyright law to the rapid development of the Internet. Broad copyright protection, which the U.S. and EU both grant, is likely to absorb and restrict new possibilities of use even though this may be undesirable from the perspective of social, cultural, or economic needs.<sup>38</sup> User-generated content, advanced search engine services, and the digitization of cultural material can serve as examples of current phenomena requiring the reconsideration of the scope of copyright limitations.<sup>39</sup> Without sufficient breathing space, important social, cultural, and economic benefits that could be derived from timely adaptations of the legal framework are likely to be lost.<sup>40</sup> By contrast, on the basis

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37. See Martin Senftleben, *Beperkingen à la carte: Waarom de Auteursrechtlijn ruimte laat voor fair use*, 1 AMI 10 (2003); Thijm, *Fair use: het auteursrechtelijk evenwicht hersteld*, *supra* note 3, at 145; Christiaan Alberdingk Thijm, *Fair Use – In weiter Ferne, so nah*, 10 AMI 176 (1998).

38. See OTTO DEPENHEUER & KLAUS-NIKOLAUS PEIFER, *GEISTIGES EIGENTUM: SCHUTZRECHT ODER AUSBEUTUNGSTITEL?* (2008); CHRISTOPHE GEIGER, *DROIT D'AUTEUR ET DROIT DU PUBLIC À L'INFORMATION, APPROCHE DE DROIT COMPARE* (2004); Reto M. Hilty, *Sündenbock Urheberrecht*, in *GEISTIGES EIGENTUM UND GEMEINFREIHEIT* 107, 111 (Tübingen: Mohr Siebeck, 2007); RETO M. HILTY & ALEXANDER PEUKERT, *INTERESSENAUSGLEICH IM URHEBERRECHT* (2004); Thomas Hoeren, *Urheberrecht in der Informationsgesellschaft*, in *GEWERBLICHER RECHTSSCHUTZ UND URHEBERRECHT* 866 (1997); MAZZIOTTI, *supra* note 35, at 33-55.

39. Cf. ELFERINK & RINGNALDA, *supra* note 12; NATALI HELBERGER ET AL., *LEGAL ASPECTS OF USER CREATED CONTENT*, 3, 14 (2009), <http://ssrn.com/abstract=1499333>; Michael Knopp, *Fanfiction – nutzergenerierte Inhalte und das Urheberrecht*, in *GEWERBLICHER RECHTSSCHUTZ UND URHEBERRECHT* 28 (2010); Beunen & Guibault, *supra* note 12, at 221-226; Stef van Gompel, *Het richtlijnvoorstel verweesde werken*, 6 AMI 205 (2011); Gompel, *Unlocking the Potential of Pre-Existing Content*, *supra* note 12, at 700-01; Martin Senftleben, *Internet Search Results – A Permissible Quotation?*, 235 *REVUE INTERNATIONALE DU DROIT D'AUTEUR* 1, 10, 13, 15, 18 (2013) [hereinafter *Internet Search Results*]; Martin Senftleben, *Pacman Forever – Preserving van computergames*, 6 AMI 221 (2009); Sherman, *supra* note 12, at 13-14, 17J; V.J. van Hoboken, *De aansprakelijkheid van zoekmachines. Uitzondering zonder regels of regels zonder uitzondering?*, *COMPUTERRECHT*, 2008-1, at 15-22 (2008) (all pointing out that these new phenomena pose difficult questions that cannot be solved satisfactorily on the basis of existing, narrowly-defined copyright exceptions).

40. *Internet Search Results*, *supra* note 39, at 10, 13, 15, 18.

of an elastic fair use test, the courts can keep the broad grant of protection within reasonable limits and inhibit exclusive rights from unduly curtailing competing freedoms - in particular freedom of expression and freedom of competition.<sup>41</sup>

## II. NEED FOR REFORMS IN THE EUROPEAN UNION

Considering these options, law makers may realize at least one of the outlined potential advantages – enhanced legal certainty on the basis of precisely-defined exceptions, or sufficient flexibility resulting from open-ended fair use legislation.<sup>42</sup> In the light of important opportunities for economic, social, and cultural development offered by the rapid development of the Internet, the advantage of flexibility may even be deemed more important than the benefits of enhanced legal certainty.<sup>43</sup> However, instead of following these guidelines, the drafters of EU copyright law developed a system that frustrates both objectives. The present regulation of copyright limitations in the EU offers neither legal certainty, nor sufficient flexibility.<sup>44</sup>

To establish this inconsistent system, the EU legislator combined elements of both traditions of copyright law in the most unfortunate

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41. See Egbert Dommering, DE ACHTERVOLGING VAN PROMETHEUS – OVER VRIJHEID EN BEZIT VAN INFORMATIE (2008); Bernt Hugenholtz, *Copyright and Freedom of Expression in Europe*, in THE COMMODIFICATION OF INFORMATION, 240 (N. Elkin-Koren, ed., 2002) [hereinafter *Copyright and Freedom of Expression*]; Sandro Macciachini, URHEBERRECHT UND MEINUNGSFREIHEIT (2000); Alain Strowel et al., DROIT D'AUTEUR ET LIBERTÉ D'EXPRESSION (2006); Yochai Benkler, *Free as the Air to Common Use: First Amendment Constraints on Enclosure of the Public Domain*, 74 N.Y.U. L. REV. 354, 378-80 (1999); Christophe Geiger, "Constitutionalising" Intellectual Property Law? *The Influence of Fundamental Rights on Intellectual Property in the European Union*, 37 INT'L REV. INTEL. PROP. & COMPETITION L. 371, 402-03 (2006) [hereinafter "Constitutionalising" *Intellectual Property Law?*]; Neil W. Netanel, *Copyright and a Democratic Civil Society*, 106 YALE L. REV. 283, 289 (1996).

42. *Bridging the Differences Between Copyright's Legal Traditions*, *supra* note 3, at 540.

43. See Afori, *supra* note 4, at 85; Pessach, *supra* note 4, at 189-93.

44. *Bridging the Differences Between Copyright's Legal Traditions*, *supra* note 3, at 540.

way.<sup>45</sup> In the ISD, Article 5(1) to (4) sets forth the closed catalogue of exceptions described above.<sup>46</sup> This enumeration of exceptions is in line with the continental European copyright tradition.<sup>47</sup> Yet the listed exceptions are subject to the EU three-step test laid down in Article 5(5) of the ISD.<sup>48</sup> As the test consists of several open-ended criteria, it recalls the Anglo-American copyright tradition.<sup>49</sup> However, the interplay between the two elements – the closed catalogue and the open three-step test – is regulated as follows: “The exceptions and limitations provided for in paragraphs 1, 2, 3 and 4 shall only be applied in certain special cases which do not conflict with a normal exploitation of the work or other subject-matter and do not unreasonably prejudice the legitimate interests of the rightholder.”<sup>50</sup>

This approach, inevitably, leads to a dilemma. As discussed, a closed list of precisely defined exceptions may have the advantage of enhanced legal certainty.<sup>51</sup> But this potential advantage is beyond reach under the current EU system.<sup>52</sup> If national legislation adopts and further specifies exceptions listed in the EU catalogue, copyright holders may still challenge these specific national exceptions on the

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45. See Frank Bayreuther, *Beschränkungen des Urheberrechts nach der neuen EU-Urheberrechtsrichtlinie*, 45 ZEITSCHRIFT FÜR URHEBER- UND MEDIENRECHT 828 (2011); Michael Hart, *The Proposed Directive for Copyright in the Information Society: Nice Rights, Shame About the Exceptions*, 20 EUR. INTELL. PROP. REV. 169, 169-71 (1998); Bernt Hugenholtz, *Why the Copyright Directive is Unimportant, and Possibly Invalid*, 11 EUR. INTELL. PROP. REV. 501, 501-02 (2000); Jorge Reinbothe, *Die EG-Richtlinie zum Urheberrecht in der Informationsgesellschaft*, GEWERBLICHER RECHTSSCHUTZ UND URHEBERRECHT INTERNATIONAL 733 (2001); Dirk Visser, *De beperkingen in de Auteursrechtlijn*, 1 AMI 9 (2001).

46. Directive 2001/29/EC, *supra* note 10, art. 5(1)-(4).

47. *Id.*

48. *Id.*, art. 5(5) (detailing the various limitations of the article).

49. See World Intell. Prop. Org. [WIPO], *Records of the Intellectual Property Conference of Stockholm June 11 to July 14, 1967*, at 629-31(1971) [hereinafter WIPO] (noting that the criterion of “no conflict with a normal exploitation,” resembles the fourth factor of the U.S. fair use doctrine “effect of the use upon the potential market for or value of the copyrighted work.”).

50. Directive 2001/29/EC, *supra* note 10, art. 5(5).

51. Griffiths, *supra* note 3, at 429-30.

52. See *id.* (noting the restrictive benefits of the “Three-Step” test in international copyright law).

grounds that they are incompatible with the EU three-step test.<sup>53</sup> As a result, a judge hearing a copyright case may invoke the EU three-step test to further restrict national exceptions that are embedded in a national framework of precisely defined use privileges.<sup>54</sup> National copyright exceptions are thus straitjacketed; their validity is hanging by the thread of compliance with the abstract criteria of the EU three-step test.<sup>55</sup> The test itself only serves as a vehicle to place additional constraints on national exceptions that are defined narrowly anyway.<sup>56</sup> Unlike fair use provisions with comparable abstract criteria, courts cannot employ the EU three-step test to create new, additional forms of permitted unauthorized use.<sup>57</sup> Hence, it is impossible to realize the central advantage of flexibility that is inherent in the test's open-ended wording.<sup>58</sup>

In consequence, the current EU system fails to realize any advantage that may follow from the outlined Anglo-American or continental-European approach to copyright limitations. Legal certainty is minimized under the current legal regime because the application of the open-ended three-step test imposes further constraints on exceptions that are defined precisely in the national laws of EU member states.<sup>59</sup> With its abstract criteria, the three-step test erodes the legal certainty that could result from a precise definition of use privileges.<sup>60</sup>

As law-making in the EU is slower than in individual countries, the current regulation of limitations in the EU is particularly

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53. *Id.* at 433-34.

54. *Id.* at 441, 445-47.

55. *Id.*

56. *Id.*

57. Griffiths, *supra* note 3, at 456-57.

58. *Cf.* Christophe Geiger, *The Three-Step Test, a Threat to a Balanced Copyright Law?*, 37 INT'L REV. INTELL. PROP. & COMP. L. 683, 694-96 (2006); Griffiths, *supra* note 3, at 429, 436-38; K.J. Koelman, *De nationale driestappentoets*, 27 AMI 6 (2003); Martin Senftleben, *Fair Use in the Netherlands – a Renaissance?*, 1 AMI 1, 1 (2009) [hereinafter *Fair Use in the Netherlands*] (pointing out that the three-step test as such is a provision with a flexible, open wording that could be used to enhance the flexibility of national copyright systems).

59. *See* Griffiths, *supra* note 3, at 429, 436-38 (discussing how the three-step test limits exceptions).

60. *Id.*

problematic.<sup>61</sup> The process of updating EU copyright legislation requires not only lengthy negotiations at union level, but also national implementation acts in all member states.<sup>62</sup> Therefore, reactions to unforeseen technological developments and new social, cultural, or economic needs will be as slow as in traditional continental European systems with precisely-defined exceptions. In the EU, these reactions will be far too slow to keep pace with the rapid development of the Internet. The total legislative response to a new technological development may need more than ten years.<sup>63</sup>

Against this background, the time is ripe to reconsider the regulation of copyright limitations in the EU. Reforms should primarily seek to enhance flexibility rendering the EU copyright system capable of coping with the rapid development of the Internet and the ongoing evolution of socially valuable Internet services.<sup>64</sup> The introduction of a fair use element seems indispensable to achieve this goal. Regulations also require more flexibility because the process of EU policy making in the field of copyright limitations is far too slow to maintain a closed system of precisely-defined exceptions that necessitates repeated legislative intervention.<sup>65</sup> Given the social, cultural, and economic concerns at stake, it would be irresponsible not to switch to a more sustainable law making system that includes flexible elements.<sup>66</sup> It is highly problematic that current reform proposals in the EU, as already pointed out, do not seize the opportunity of introducing an opening clause in the existing system

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61. See Christophe Geiger et al., *Declaration on a Balanced Interpretation of the "Three-Step Test" in Copyright Law*, 39 INT'L INTELL. PROP. & COMPETITION L. 707, 709 (2008) [hereinafter *Declaration on a Balanced Interpretation*] (arguing that in order to reduce the harm flowing from the Copyright Directive, the EU three-step test should at least be construed flexibly); Senfleben, *Fair Use in the Netherlands*, *supra* note 58, at 2-4.

62. Directive 2001/29/EC, *supra* note 10, art. 13.

63. See MIREILLE VAN EECHELD ET AL., *HARMONIZING EUROPEAN COPYRIGHT LAW: THE CHALLENGES OF BETTER LAWMAKING* 298 (2009) (describing the time it takes to pass even basic EU legislation).

64. *Id.* at 106.

65. *Id.* at 173.

66. See *Proposal for a Directive*, *supra* note 5, at 2 (stating new types of uses have recently emerged so it remains uncertain whether the exceptions are still able to achieve a fair balance).

of precisely-defined copyright limitations.<sup>67</sup>

### III. LESSONS TO LEARN FROM THE U.S. FAIR USE DOCTRINE

The U.S. fair use doctrine<sup>68</sup> could serve as a model in this regard. As the above-cited reference to purposes “such as criticism, comment, news reporting, teaching . . . scholarship, or research” indicates, the list of privileged purposes underlying the fair use doctrine is an open, non-exclusive enumeration.<sup>69</sup> The U.S. Senate and House Committee Reports that accompanied the codification of the fair use doctrine, moreover, leave no doubt about the intention to preserve the flexibility of the doctrine following from its evolution in case law:

[S]ince the doctrine is an equitable rule of reason, no generally applicable definition is possible, and each case raising the question must be decided on its own facts . . . The bill endorses the purpose and general scope of the judicial doctrine of fair use . . . but there is no disposition to freeze the doctrine in the statute . . . Beyond a very broad statutory explanation of what fair use is and some of the criteria applicable to it, the courts must be free to adapt the doctrine to particular situations on a case-by-case basis.<sup>70</sup>

The required case-by-case analysis can be based on, but need not be restricted to, the four factors relating to the purpose and character of the use, the nature of the copyrighted work, the amount and substantiality of the taking, and the effect of the use upon the exploitation of the copyrighted work.<sup>71</sup> As a guiding principle, case

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67. *Id.*

68. 17 U.S.C. § 107.

69. *Id.*

70. LEON E. SELTZER, EXEMPTIONS AND FAIR USE IN COPYRIGHT 19-20 (1978).

71. See ACHIM FÖRSTER, FAIR USE 197-201 (2008); Barton Beebe, *An Empirical Study of U.S. Copyright Fair Use Opinions, 1978-2005*, 156 U. PA. L. REV. 549, 580 (2008) (stating conscientious judges will dutifully consider each of the four factors even when the outcome of the fair use test is obvious); Pierre N. Leval, *Toward A Fair Use Standard*, 103 HARV. L. REV. 1105, 1106-07 (1990) (stating judges' opinions reflect widely differing notions of the meaning of fair use and decisions are not governed by consistent principles, but seem rather to result from intuitive reactions to individual fact patterns); Jessica Litman, *Reforming Information Law in Copyright's Image*, 22 U. DAYTON L. REV. 587, 611 (1997)

law evolves the notion of transformative use.<sup>72</sup> Traditionally, this overarching consideration constitutes an important factor capable of tipping the scales to a finding of fair use.<sup>73</sup> In the famous parody case *Campbell v. Acuff-Rose*,<sup>74</sup> for instance, the Supreme Court of the United States confirmed that the question of whether the use was transformative did hold significant weight. The case concerned a rap version of Roy Orbison's and William Dees' song "Oh, Pretty Woman," which the rap group 2 Live Crew composed to satirize the intact world built up in the original.<sup>75</sup> Assessing the ironic nature of the song, the Court explained with regard to the fair use analysis:

The central purpose of this investigation is to see . . . whether the new work merely supersedes the objects of the original creation . . . or instead adds something new, with a further purpose or different character, altering

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(stating that we did not design our current copyright laws to govern new technologies); see also David Nimmer, "Fairest of Them All" and Other Fairy Tales of Fair Use, 66 LAW & CONTEMP. PROBS. 263, 281 (2003) (commenting that courts tend to make an initial judgment and then align the factors to fit the result the best they can); Matthew Sag, *Predicting Fair Use*, 73 OHIO ST. L.J. 47, 54-57 (2012) (stating judges have increasingly relied on the four factors to frame their analysis in fair use case and lawyers also craft their briefs and advice to clients around the factors); Pamela Samuelson, *Unbundling Fair Uses*, 77 FORDHAM L. REV. 2537, 2565-73 (2009) (stating, as an example, courts should pay attention to whether a ruling in a copyright owner's favor will have a chilling effect on free speech and free expression activities by other authors, speakers, and publishers); cf. *Sony Corp.*, 464 U.S. at 447-52 ("[17 U.S.C. § 107] identifies various factors that enable a court to apply an 'equitable rule of reason' analysis to particular claims of infringement").

72. See Sag, *supra* note 71, at 55 ("The phrase 'transformative use' has loomed large in fair use jurisprudence ever since the Supreme Court embraced transformativeness as the heart of fair use in its 1994 *Campbell* decision. . . . Transformativeness not only occupies the core of the fair use doctrine but also reduces the importance of all other factors such that 'the more transformative the new work, the less will be the significance of other factors.'").

73. Cf. Leval, *supra* note 71, at 1111 (stating the challenged use must be transformative, the use must be productive, and the use must employ the quoted matter in a different manner or for a different purpose from the original); Netanel, *Copyright and a Democratic Civil Society*, *supra* note 41, at 381 (stating that, depending on the quantitative and qualitative importance of the sampled material for the original work, transformative uses should either qualify as a fair use, with the burden on the plaintiff to show market substitution, or be subject to some form of compulsory license).

74. 510 U.S. 569, 596 (1994).

75. *Id.* at 572.



the first with new expression, meaning, or message; it asks, in other words, whether and to what extent the new work is “transformative.”<sup>76</sup>

In comments on the fair use doctrine, the notion of transformative use is understood in the sense of productive use.<sup>77</sup> The fair use must aim to employ the copyrighted matter in a different manner or for a purpose different from the original.<sup>78</sup> Mere repackaging or republication is insufficient.<sup>79</sup> By contrast, a use adding value to the original, transforming the original to new information, new aesthetics, new insights, and new understandings, constitutes “the very type of activity that the fair use doctrine intends to protect for the enrichment of society.”<sup>80</sup> The aim of supporting freedom of speech and cultural follow-on innovation, therefore, lies at the core of the fair use doctrine.<sup>81</sup>

Given the flexibility following from the configuration of the U.S. fair use doctrine, it is not surprising that U.S. courts managed to keep pace with several new developments in the digital environment on this basis.<sup>82</sup> U.S. decisions on advanced search engine services can serve as an example.<sup>83</sup> Discussing Google’s image search service, the

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76. *Id.* at 580.

77. Leval, *supra* note 71, at 1111.

78. *Id.*

79. *Id.*

80. *Id.*

81. See Samuelson, *supra* note 71, at 2568-69 (stating fair use promotes the constitutional purposes of copyright by allowing authors to draw upon expression from the original works in a way that advances the progress of science and useful arts).

82. See *Warner Bros. Entm't Inc. v. RDR Books*, 575 F. Supp. 2d 513, 519-20, 541-2, 545 (S.D.N.Y. 2008) (recognizing the transformative purpose of the online platform as a reference guide: “Because it serves these reference purposes, rather than the entertainment or aesthetic purposes of the original works, the Lexicon’s use is transformative and does not supplant the objects of the Harry Potter works;” while also stating that the decision creates breathing space for user-generated reference guides to commercial productions, such as the Harry Potter books); *cf.* Andrew Jonas Sanders, *J.K. Rowling and the Lexicon*, 31 EUR. INTELL. PROP. REV. 45, 47 (2009) (recognizing that the District Court supported its decision on specific examples where either the amount of copyrighted material taken was more than reasonably necessary, or taken from companion books, or where there was a blatant inconsistency of the entries in both the amount and lack of citation to the original material used).

83. *Perfect 10, Inc. v. Amazon.com Inc.*, 508 F. 3d 1146, 1163 (9th Cir. 2007)

Ninth Circuit Court of Appeals qualified Google's display of image thumbnails as a fair use.<sup>84</sup> The Court relied on the concept of transformative use in this context.<sup>85</sup> It emphasized significant benefits for the public and noted that "a search engine may be more transformative than a parody because a search engine provides an entirely new use for the original work, while a parody typically has the same entertainment purpose as the original work."<sup>86</sup> Finally, the assessment led to the conclusion that "the significantly transformative nature of Google's search engine, particularly in light of its public benefit, outweighs Google's superseding and commercial uses of the thumbnails in this case. In reaching this conclusion, we note the importance of analyzing fair use flexibly in light of new circumstances."<sup>87</sup>

Continental-European case law on the same search engine service is different because the analysis must focus on a specific copyright exception in the absence of an open-ended fair use provision.<sup>88</sup> A specific exception that can play a role in this context is the right of quotation laid down in Article 5(3)(d) ISD. The German Federal Court of Justice, however, doubted that the image search could be justified in the light of the right of quotation, as implemented at the national level in § 51 of the German Copyright Act.<sup>89</sup> In Germany, the quotation right is traditionally confined to criticism or review.<sup>90</sup> Transposing the ISD into national law, the German legislator maintained this requirement of a specific context.<sup>91</sup> The specific

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(stating that the Court must be flexible in applying a fair use analysis because they are not bright line rules nor are the factors able to be treated in isolation; all factors are to be explored and the results weighed together).

84. *Id.* at 1176.

85. *Id.* at 1166.

86. *Id.* at 1165.

87. *Id.* at 1166. For a detailed discussion of this point, see Senftleben, *Comparative Approaches to Fair Use*, *supra* note 1, at 44-46.

88. Bundesgerichtshof [BGH][Federal Court of Justice] Apr. 29, 2010, I ZR 69/08, <http://juris.bundesgerichtshof.de/cgi-bin/rechtsprechung/document.py?Gericht=bgh&Art=en&az=I%20ZR%2069/08>.

89. *Id.*; Urheberrechtsgesetz [UrhG] [Act on Copyright and Related Rights], Dec. 20, 2016, BGBL I at 3037, § 51 (Ger.), [https://www.gesetze-im-internet.de/englisch\\_urhg/englisch\\_urhg.html](https://www.gesetze-im-internet.de/englisch_urhg/englisch_urhg.html).

90. BGH I ZR 69/08 1.

91. Directive 2001/29/EC, *supra* note 10, at 13; BGH I ZR 69/08 1.

framework surrounding the quotation right in Germany thus restricted the room for the Federal Court of Justice to develop a new type of use privilege.<sup>92</sup> As the search service did not comment on search results (in the sense of establishing an “inner connection” between quoted material and Google’s own thoughts),<sup>93</sup> the Court could hardly avoid the conclusion that the right of quotation did not cover unauthorized use of picture thumbnails for search engine purposes.<sup>94</sup>

As the German system of exceptions is not flexible enough, the Federal Court of Justice was thus prevented from applying the right of quotation.<sup>95</sup> Given the contribution of the image search service to freedom of information in the digital environment,<sup>96</sup> however, the Court developed an alternative solution.<sup>97</sup> It created breathing space for the search service by stating that the copyright holder had given implicit consent. To achieve this result, the court assumed that the copyright holder would have used technical means to block the automatic indexing of online content, if she disagreed with use by search engines.<sup>98</sup> While this assumption of implicit consent creates additional flexibility, it does not solve the problem of insufficient flexibility within the system of copyright exceptions in the EU.<sup>99</sup>

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92. BGH I ZR 69/08 1.

93. *Id.*

94. *Id.*

95. BGH I ZR 69/08 1.

96. See Mattias Leistner, *The German Federal Supreme Court’s Judgment on Google’s Image Search—A Topical Example of the “Limitations” of the European Approach to Exceptions and Limitations*, 42 INT’L REV. OF INTELL. PROP. & COMPETITION L. 417, 426 (2011) (stating the difficulties in extending the existing exceptions to copyright to new technological uses or business models partly results from the strict interpretation of the exceptions to copyright).

97. *Id.*

98. BGH I ZR 69/08 1 (14-19); see BGH Oct. 19, 2011, I ZR 140/10, <http://juris.bundesgerichtshof.de/cgi-bin/rechtsprechung/document.py?Gericht=bgh&Art=en&az=I%20ZR%20140/10>.

99. See Lucie Guibault, *Why Cherry-Picking Never Leads to Harmonisation: The Case of the Limitations on Copyright under Directive 2001/29/EC*, 1 J. INTELL. PROP., INFO. TECH. & E-COMMERCE L. 55, 57 (2010) (stating that by failing to technically prevent the reproduction and/or communication to the public of his work, the right’s owner gives implicit permission to others to do so and puts the copyright rule on its head); Leistner, *supra* note 96, at 428 (stating that the approach of an implied license or consent was based on the assumption that, under

Moreover, it overstretches the general private law doctrine of implicit consent to solve a specific copyright problem.<sup>100</sup> This, in turn, gives rise to new legal problems in other fields of private law where a comparably broad notion of implicit consent leads to unsatisfactory results.

#### IV. FEASIBILITY OF A LEGAL TRANSPLANT

Hence, there are clear indications that the implementation of a flexible fair use element in the EU copyright system is desirable. This insight, however, leads to the question whether a flexible, open norm is likely to be applied appropriately in a civil law environment. Would civil law judges be capable of dealing with a flexible, open-ended copyright limitation? As pointed out above, the answer to this question is often in the negative.<sup>101</sup> In the debate on the introduction of open-ended fair use provisions in continental Europe, it is often argued that judges with a civil law background do not have the experience necessary to apply open-ended norms in an appropriate way.<sup>102</sup> In this way, a meaningful debate about fair use legislation is thwarted from the outset. Policy makers are concerned that the adoption of fair use provisions could ask too much of civil law judges, erode traditional civil law culture and, ultimately lead to “chaos and anarchy” in copyright law.<sup>103</sup> To answer the question

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certain conditions, the publication of an image on the internet implies the consent to the image’s inclusion in the image search service, which implies consent to the production of a thumbnail as well); *Bridging the Differences Between Copyright’s Legal Traditions*, *supra* note 3, at 538 (stating the German Federal Court of Justice introduced a flexible element through the backdoor of doubtful assumptions of the intentions of a copyright owner making her works available on the Internet); Gerald Spindler, *Bildersuchmaschinen, Schranken und kohkludente Elnwilligung im Urheberrecht*, 9 GEWERBLICHER RECHTSSCHUTZ UND URHEBERRECHT [GRUR] 785 (2010).

100. *Bridging the Differences Between Copyright’s Legal Traditions*, *supra* note 3, at 541-42 (stating that in the present context, the term fair use broadly refers to an opening clause that would add flexibility to the regulation of copyright limitations).

101. *Id.* at 541 (stating it is doubtful whether a sudden change from a closed catalogue of exceptions to an open-ended norm would yield the expected beneficial results).

102. *Id.*

103. See Guibault, *supra* note 99, at 58 (stating the fact that member states have implemented the same limitation differently, giving rise to a variety of different

adequately, the broader context of law making in civil law countries must be taken into account. As all law making, civil law legislation

must mediate between the maxims of legal security, which favors precisely defined legal provisions that provide optimal predictability *ex post*, and of fairness, which favors open and flexible legal concepts that allow a wide margin of judicial appreciation *ad hoc*.<sup>104</sup> In civil law this compromise between legal security and fairness is achieved by codifying relatively abstract and open legal provisions that spell out the general rules without impeding civil courts to apply general normative principles, such as 'reasonableness and fairness' [ . . . ] to arrive at fair judgments.<sup>105</sup>

In fact, private law codifications in civil law jurisdictions provide for general norms of reasonableness and fairness.<sup>106</sup> The German Civil Code contains the overarching norm of *Treu und Glauben*.<sup>107</sup> The Dutch Civil Code offers *redelijkheid en billijkheid* as a general balancing tool.<sup>108</sup> A line between these concepts and general notions of reasonableness and fairness can easily be drawn.<sup>109</sup> The norms of *Treu und Glauben* and *redelijkheid en billijkheid* serve as a means to reconcile competing interests in situations where more detailed statutory provisions do not offer appropriate legal solutions.<sup>110</sup>

Interestingly, the historical analysis of the development of civil codes in continental Europe shows that these open norms and principles made it possible for the courts to constantly adapt private law codifications to changing needs in society.<sup>111</sup> The German Civil

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rules applicable to the same situation, constitutes a serious impediment to the establishment of cross-border services).

104. *Bridging the Differences Between Copyright's Legal Traditions*, *supra* note 3, at 547-48 (stating open factors constituting the fair use criteria allow the courts to determine special cases of permissible, unauthorized use in the light of the individual circumstances of a given case).

105. *See* Hugenholtz & Senftleben, *supra* note 3, at 6.

106. *See generally* Bürgerliches Gesetzbuch [BGB] [Civil Code], translation at [https://www.gesetze-im-internet.de/englisch\\_bgb/englisch\\_bgb.pdf](https://www.gesetze-im-internet.de/englisch_bgb/englisch_bgb.pdf) (Ger.); Art. 6:2 para. 1 BW, <http://wetten.overheid.nl/BWBR0005289/2017-07-01>.

107. BGB § 157 (Ger.).

108. *See* Popke SJOERD BAKKER, REDELIJKHEID EN BILLIJKHEID ALS GEDRAGSNORM (2012).

109. *See generally* BGB (Ger.); Art. 6:2 para. 1 BW.

110. *See generally* BGB (Ger); Bakker, *supra* note 108.

111. *See* KONRAD ZWEIGERT & HEIN KÖTZ, INTRODUCTION TO COMPARATIVE LAW 143 (Tony Weir trans., Oxford Univ. Press 3rd ed. 1998) (stating that many

Code,<sup>112</sup> for instance, entered into force on January 1, 1900. At that time, however, it was already outdated in several respects because of the underlying conservative concept of the typical citizen:

The Code does indeed accurately reflect the society of Bismarck's Empire. The chief role in the state at that time was played by a liberal grande bourgeoisie which had produced the imperial German nation-state by co-operating with the conservative powers of authoritarian Prussia. It was the day of a marked liberalism in economics, of the belief that the general good would spontaneously ensue from the interplay of economic forces.<sup>113</sup>

The German Civil Code, thus, failed to focus on the growing importance of commerce and industry at the turn of the century. It also did not address the needs of rapidly expanding urban populations. Instead, it took as a starting point the skills of an entrepreneur, land owner or official and presupposed business experience, sound judgment, and the ability to protect oneself against the rigors of freedom of contract and freedom of competition in private law transactions.<sup>114</sup> As a result, German courts had to adapt the Civil Code to constantly changing economic, social, and cultural conditions during the last hundred years, including the adoption of a German constitution establishing a democratic and social federal state after the Second World War.<sup>115</sup> To achieve this goal, the German Federal Court of Justice relied on several open-ended, general clauses in the Civil Code,<sup>116</sup> in particular the aforementioned principle of *Treu und Glauben*.<sup>117</sup>

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codes consolidate the results of a recent reconstruction of society).

112. See Bürgerliches Gesetzbuch [BGB] [Civil Code], translation at [https://www.gesetze-im-internet.de/englisch\\_bgb/englisch\\_bgb.pdf](https://www.gesetze-im-internet.de/englisch_bgb/englisch_bgb.pdf) (Ger.).

113. Zweigert & Kötz, *supra* note 111, at 144.

114. *Id.*

115. Cf. Grundgesetz [GG] [Basic Law], art. 20, para. 1, translation at [https://www.gesetze-im-internet.de/englisch\\_gg/englisch\\_gg.pdf](https://www.gesetze-im-internet.de/englisch_gg/englisch_gg.pdf) (Ger.) (“The Federal Republic of Germany is a democratic and social federal state”).

116. See BGB § 138, para. 1 (Ger.) (mentioning the nullity of contracts conflicting with standards or morality); BGB § 157 (Ger.) (stating the construction of contracts in line with “*Treu und Glauben*”); BGB § 242 (Ger.) (expressing the principle of “*Treu und Glauben*” with regard to the proper performance of contracts); BGB § 826 (Ger.) (stating obligations arising from damage caused on purpose under tort law).

117. BGB § 157 (Ger.).

The crucial role of general clauses in private law codifications of civil law countries is even explicitly confirmed in Article 1 of the Swiss Civil Code:<sup>118</sup> “If no relevant provision can be found in a statute, the judge must decide in accordance with the customary law and, in its absence, in accordance with the rule which he would, were he the legislator, adopt. In so doing he must pay attention to accepted doctrine and tradition.”<sup>119</sup> Hence, civil law judges can be expected to have the expertise necessary to deal with open-ended, flexible provisions in the field of private law. A flexible provision in copyright law would not pose a new challenge differing substantially from the norms they are applying in other areas of private law.<sup>120</sup> Moreover, international and EU copyright law<sup>121</sup> already contain broad exclusive rights of reproduction and communication to the public which constitute open-ended, flexible provisions. National provisions setting forth exclusive rights may be even broader.<sup>122</sup> From this perspective, civil law judges are applying general clauses in copyright law already at this stage.<sup>123</sup>

As to concerns about sufficiently clear legal standards evolving from open-ended norms, one must also take into account the

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118. Schweizerisches Zivilgesetzbuch [ZGB], Civil Code [CC], Codice Civile [CC] [Civil Code] Dec. 10, 1907, SR 210, art. 1 (Switz.).

119. Zweigert & Kötz, *supra* note 111, at 176.

120. *See id.* at 176-77 (stating that this provision is not fundamentally new because creative judicial activity is used when courts exhaust other possibilities of reasonable interpretation).

121. *See generally* Berne Convention for the Protection of Literary and Artistic Works, art. 9, para. 1, Sept. 9, 1886, 331 U.N.T.S. 217 (as amended on Sept. 28, 1979), [https://www.keionline.org/sites/default/files/1971\\_revision\\_of\\_Berne.pdf](https://www.keionline.org/sites/default/files/1971_revision_of_Berne.pdf); WIPO Copyright Treaty, art. 8, Dec. 20, 1996, S. Treaty Doc. No. 105-17 (1997), 36 I.L.M. 65 (1997) [http://www.wipo.int/edocs/lexdocs/treaties/en/wct/trt\\_wct\\_001en.pdf](http://www.wipo.int/edocs/lexdocs/treaties/en/wct/trt_wct_001en.pdf); Directive 2001/29/EC, *supra* note 10, at 16.

122. *See* Auteurswet 23 Sept. 1912, <gazette abbreviation> 1912, <http://wetten.overheid.nl/>

BWBR0001886/2015-07-01; UrhG § 15(1) (Ger.) (stating the author has right to exploit his own work including the rights of reproduction, distribution, and exhibition); Jaap Spoor, *Verveelvoudigen: Reproduction and Adaptation under the 1912 Copyright Act*, in *A CENTURY OF DUTCH COPYRIGHT LAW 197, 200-01* (Bernt Hugenholtz, Antoon Quaedvlieg, & Dirk Visser eds., 2012) (stating as technology developed, the broad terminology offered ample room for extensive interpretation).

123. *See* Zweigert & Kötz, *supra* note 111, at 176-77 (noting that judges have to pay attention to doctrine and tradition along with customary law).

obligation to achieve legal certainty in civil law jurisdictions.<sup>124</sup> As with their colleagues in common law countries, civil law judges must ensure that their decisions guarantee a sufficient degree of legal certainty and make future decisions foreseeable.<sup>125</sup> Therefore, civil law courts strive for the development of a consistent line of decisions – in the sense of new decisions following relevant case precedents.<sup>126</sup> The judgments of civil law tribunals cite pertinent case precedents and explain which insights for the solution of the present case can be derived from the conclusions drawn in earlier decisions.<sup>127</sup> Referring to this obligation to ensure the evolution of consistent case law, Advocate General Campos Sánchez-Bordona gave the following explanation of civil law rules on case precedent in his recent opinion in the Court of Justice of the European Union (CJEU) case *Stichting Brein/Filmspeler*: “The requirement of certainty in the application of the law obliges the court, if not to apply the *stare decisis* in absolute terms, then to take care to follow the decisions it has itself, after mature reflection, previously adopted in relation to a given legal problem.”<sup>128</sup>

This obligation to follow previous decisions on similar legal issues has repercussions on decision making at different levels of the judicial hierarchy. In the light of the requirement of legal certainty, a lower civil law court seeks to follow decisions of higher courts and exercise its discretion in line with the *ratio decidendi* that led to relevant case precedents.<sup>129</sup> This is inevitable from the perspective of

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124. *Bridging the Differences Between Copyright’s Legal Traditions*, *supra* note 3, at 527-28 (stating courts can secure a sufficient degree of legal certainty by applying case law established under the old system as a basis for the new fair use system).

125. *Id.*

126. *Id.*

127. *Cf.* CJEU, Judgment in *GS Media BV* [2016], C-160/15, EU:C:2016:644, ¶¶ 28-43 (giving various references to previous decisions on the scope of the right of communication to the public); CJEU, Judgment in *Copydan Båndkopi* [2015], C-463/12, EU:C:2015:144, ¶¶ 19-25, 44-48, 69-78 (giving numerous references to previous decisions on the modalities of paying fair compensation for acts of private copying).

128. CJEU, Opinion of Advocate General Campos Sánchez-Bordona in *Stichting Brein* [2016], C-527/15, EU:C:2016:938, ¶ 41.

129. See T. Koopmans, *Stare Decisis in European Law*, in *ESSAYS IN EUROPEAN LAW AND INTEGRATION* 11, 22 (David O’Keefe & Henry G. Schermers eds.,



procedural economy. The process would trigger unnecessary appeals if a lower court deviated from the approach taken by a higher court in cases where the facts and circumstances are not reasonably distinguishable from those underlying pre-existing case law.<sup>130</sup> Although civil law systems do not compel judges to rigidly adhere to previous decisions, the obligation to achieve legal certainty and procedural economy thus ensures that case precedents are substantially followed.<sup>131</sup>

Therefore, civil law countries do not take court decisions based on a flexible, open norm in a judicial vacuum. A civil law judge applying an open-ended norm, such as *Treu und Glauben* in German law or *redelijkheid en billijkheid* in Dutch law, will seek to contribute to the evolution of consistent case law and enhance legal certainty by following relevant case precedents.<sup>132</sup> If EU law enshrines a flexible, open norm, primary EU legislation offers additional safeguards against divergent court decisions at the national level.<sup>133</sup> Article 267 of the Treaty on the Functioning of the European Union (TFEU)<sup>134</sup> provides that any national court or tribunal against whose decisions there is no judicial remedy under national law, is obliged to bring matters concerning the interpretation of EU law before the CJEU and request a prejudicial ruling.<sup>135</sup> National courts whose decisions are appealable are free to ask prejudicial questions about the interpretation of EU law if they deem this necessary to give a judgment.<sup>136</sup>

In practice, TFEU article 267 ensures that the CJEU has the final word on the interpretation of open norms in EU law.<sup>137</sup> Once the

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1982) (defining *ratio decidendi* as “any rule of law expressly or impliedly treated by the judge as a necessary step in reaching his conclusion, having regard to the line of reasoning adopted by him.”).

130. *See id.* at 23.

131. *Cf. id.* at 13 (describing the approach of civil law jurisdictions, particularly developments in English law that favor flexible rather than rigid approaches).

132. *See Flexible Copyright, supra* note 3, at 279.

133. *See* Koopmans, *supra* note 129, at 16.

134. Consolidated Version of the Treaty on the Functioning of the European Union art. 267, Oct. 26, 2012, 2012 O.J. (C 326) 47.

135. *Id.*

136. *See id.*

137. *Id.*

CJEU decides a prejudicial question submitted in accordance with article 267, the interpretation developed by the CJEU is binding for the national court posing the question and all other courts applying the same open norm.<sup>138</sup> If a different case raises doubts about the application of the interpretation developed by the CJEU, the national courts dealing with this different case are not free to develop their own solution without consulting the CJEU.<sup>139</sup> Instead, prejudicial questions about the right interpretation in light of the facts and circumstances of that different case will have to be submitted.<sup>140</sup> The request for a prejudicial ruling remains an option under article 267 as long as parties can appeal the decision of a national court.<sup>141</sup> The highest national courts and tribunals against whose decisions there is no judicial remedy under national law, however, are obliged to pose prejudicial questions on harmonized law before taking a final decision.<sup>142</sup>

Considering this configuration of the system of case precedent in the EU, the introduction of a flexible element in the field of copyright limitations can hardly be expected to pose extraordinary difficulties. Civil law judges will seek to diminish the risk of legal uncertainty by developing a consistent line of case law.<sup>143</sup> Given the existence of long-standing general clauses in civil law statutes, including droit d'auteur legislation providing for flexible exclusive rights, civil law judges are also unlikely to experience particular difficulties when applying an additional open norm in the field of copyright limitations.<sup>144</sup> The alleged inability of civil law judges to appropriately apply a flexible, open-ended norm in the field of copyright limitations simply does not constitute a valid argument against the introduction of an open-ended fair use provision in droit d'auteur systems.<sup>145</sup>

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138. *Id.*

139. *See id.*

140. *Consolidated Version of the Treaty on the Functioning of the European Union art. 267.*

141. *Id.*

142. *See id.*

143. *See Flexible Copyright, supra note 3, at 279.*

144. *See id.* at 279.

145. *See id.* at 282.

To further support this argument, a comparative analysis can be conducted that brings the situation in EU trademark law into focus. In the field of protection of trademarks against dilution, EU trademark law provides for broad exclusive rights against blurring, tarnishing, and unfair free-riding that are counterbalanced by a flexible, open-ended defense of “due cause”.<sup>146</sup> Article 10(2)(c) of

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146. See Lionel Bently, *From Communication to Thing: Historical Aspects of the Conceptualisation of Trade Marks as Property*, in TRADEMARK LAW AND THEORY: A HANDBOOK OF CONTEMPORARY RESEARCH 3, 3-41 (Graeme B. Dinwoodie & Mark D. Janis eds., 2008); R.C. Dreyfuss, *Reconciling Trademark Rights and Expressive Values: How to Stop Worrying and Learn to Love Ambiguity*, in TRADEMARK LAW AND THEORY: A HANDBOOK OF CONTEMPORARY RESEARCH 261, 261-93 (Graeme B. Dinwoodie & Mark D. Janis eds., Cheltenham: Edward Elgar 2008); C. Geiger, *Marques et droits fondamentaux*, in LES DÉFIS DU DROIT DES MARQUES AU 21E SIÈCLE/CHALLENGES FOR TRADEMARK LAW IN THE 21ST CENTURY, 163, 163 (C. Geiger & J. Schmidt-Szalewski eds., 2010); ANNETTE KUR & M.R.F. SENFTLEBEN WITH VERENA VON BOMHARD, EUROPEAN TRADE MARK LAW – A COMMENTARY para. 5.182-5.272 (2017) (analyzing the protection of trademarks against dilution in the EU); Robert Burrell & Dev Gangjee, *Trade Marks and Freedom of Expression: A Call for Caution*, 41 INT'L REV. OF INTELL. PROP. & COMPETITION L. 544, 544-46 (2010); Rochelle Cooper Dreyfuss, *Expressive Genericity: Trademarks as Language in the Pepsi Generation*, 65 NOTRE DAME L. REV. 397, 402-04 (1990); Ilanah Simon Fhima, *Trade Marks and Free Speech*, 44 INT'L REV. OF INTELL. PROP. & COMPETITION L. 293, 293-321 (2013); Christophe Geiger, *Trade Marks and Freedom of Expression – the Proportionality of Criticism*, 38 INT'L REV. OF INTELL. PROP. & COMPETITION L. 317, 317-27 (2007); Pratheepan Gulasekaram, *Policing the Border Between Trademarks and Free Speech: Protecting Unauthorized Trademark Use in Expressive Works*, 80 WASH. L. REV. 887, 891-95 (2005); William McGeeveran, *Four Free Speech Goals for Trademark Law*, 18 FORDHAM INTELL. PROP., MEDIA AND ENT. L.J. 1205, 1207-10 (2008); M.A. Nasser, *Trade Marks and Freedom of Expression*, 40 INT'L REV. OF INTELL. PROP. & COMPETITION L. 188, 188-90 (2009); Lisa P. Ramsey, *Free Speech and International Obligations to Protect Trademarks*, 35 YALE J. OF INT'L L. 405, 405-467 (2010); Lisa P. Ramsey & Jens Schovsbo, *Mechanisms for Limiting Trade Mark Rights to Further Competition and Free Speech*, 44 INT'L REV. OF INTELL. PROP. & COMPETITION L. 671, 671-700 (2013); see also W. SAKULIN, TRADEMARK PROTECTION AND FREEDOM OF EXPRESSION – AN INQUIRY INTO THE CONFLICT BETWEEN TRADEMARK RIGHTS AND FREEDOM OF EXPRESSION UNDER EUROPEAN LAW (2010) (discussing the general need for robust limitations of ant-dilution protection to safeguard freedom of expression and freedom of competition); M.R.F. Senftleben, *Free Signs and Free Use - How to Offer Room for Freedom of Expression within the Trademark System*, in RESEARCH HANDBOOK ON HUMAN RIGHTS AND INTELLECTUAL PROPERTY 354, 354-76 (Christophe Geiger ed., Edward Elgar 2015) [hereinafter *Free Signs and Free Use*]; Katja G. Weckström, *The Lawfulness of Criticizing Big*

the EU Trade Mark Directive (EUTMD)<sup>147</sup> and article 9(2)(c) of the EU Trade Mark Regulation (EUTMR)<sup>148</sup> provide for an exclusive right of trademark owners to prevent all unauthorized third parties from using, in the course of trade in relation to goods or services, any sign where:

the sign is identical with, or similar to, the trade mark irrespective of whether it is used in relation to goods or services which are identical with, similar to, or not similar to, those for which the trade mark is registered, where the latter has a reputation in the Member State and where use of that sign *without due cause* takes unfair advantage of, or is detrimental to, the distinctive character or the repute of the trade mark.<sup>149</sup> (emphasis added)

The jurisprudence of the CJEU shows that the application of this in-built defense of due cause does not pose particular difficulties.<sup>150</sup> In several decisions, the CJEU seized the opportunity to employ the open-ended due cause defense to ensure an appropriate balance between rights and limitations in EU trademark law.<sup>151</sup> In *Interflora v. Marks & Spencer*, the court held that use of a mark with a reputation for the purpose of keyword advertising amounted to the taking advantage of the distinctive character and repute of the mark.<sup>152</sup> This finding of free-riding, however, did not readily imply a finding of infringement.<sup>153</sup> Instead, the Court found that there was room for use with due cause:

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*Business: Comparing Approaches to the Balancing of Societal Interests Behind Trademark Protection*, 11 LEWIS & CLARK L. REV. 671, 682-86 (2007).

147. Directive 2015/2436, art. 10(2)(c), of the European Parliament and of the Council of 16 Dec. 2015 to approximate the laws of the Member States relating to trade marks, 2015 O.J. (L 336) 1 [hereinafter art. 10(2)(c) EUTMD].

148. Commission Regulation 2015/2424, art. 9(2)(c), 2015 O.J. (L 341) 21 [hereinafter art. 9(2)(c) EUTMR].

149. Art. 10(2)(c) EUTMD, *supra* note 147; *accord* art. 9(2)(c) EUTMR, *supra* note 148.

150. *See* Case C-65/12, *Leidseplein Beheer v. Red Bull*, 2014 E.C.R. 49; Case C-252/12, *Specsavers v. Asda*, 2013 E.C.R. 497; Case C-323/09, *Interflora v. Marks & Spencer*, 2011 E.C.R. 604; Case C-487/07, *L'Oréal v. Bellure*, 2009 E.C.R. 49.

151. *See id.*

152. *Interflora*, 2011 E.C.R., para. 86-88.

153. *Id.* para. 93.

where the advertisement displayed on the internet on the basis of a keyword corresponding to a trade mark with a reputation puts forward – without offering a mere imitation of the goods or services of the proprietor of that trade mark, without causing dilution or tarnishment and without, moreover, adversely affecting the functions of the trade mark concerned – an alternative to the goods or services of the proprietor of the trade mark with a reputation, it must be concluded that such use falls, as a rule, within the ambit of fair competition in the sector for the goods or services concerned and is thus not without ‘due cause.’<sup>154</sup>

Hence, the court established not only a due cause defense for the purpose of informing consumers about an alternative offer in the marketplace but also developed three due cause factors to be taken into account in this context; namely whether the defendant (1) offered a mere imitation of the goods or services of the trademark proprietor; (2) damaged the trademark by causing harm to its distinctive character (dilution or blurring) or repute (tarnishment); (3) made use adversely affecting the functions of the trademark.<sup>155</sup>

The emergence of this first set of due cause factors in *Interflora v. Marks & Spencer* sheds light on certain general features of the underlying due cause concept. Firstly, it seems that in the area of freedom of competition and commercial freedom of expression, the CJEU is prepared to employ the due cause defense as a tool to outweigh the broad grant of protection against free-riding.<sup>156</sup> In

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154. *Id.* para. 91.

155. See Y. BASIRE, LES FONCTIONS DE LA MARQUE, ESSAI SUR LA COHÉRENCE DU RÉGIME JURIDIQUE D'UN SIGNE DISTINCTIF (2014); F. HACKER, FUNKTIONENLEHRE UND BENUTZUNGSBEGRIFF NACH ‘L’ORÉAL’, MARKENRECHT 333 (2009); Ilanah Simon Fhima, *How Does “Essential Function” Doctrine Drive European Trade Mark Law?*, 36 INT’L REV. OF INTELL. PROP. & COMPETITION L. 401 (2005); T. Cohen Jehoram, *The Function Theory in European Trade Mark Law and the Holistic Approach of the CJEU*, 102 THE TRADEMARK REP. 1243 (2012); Annette Kur, *Trademarks Function, Don’t They?*, 45 INT’L REV. OF INTELL. PROP. & COMPETITION L. 434 (2014); M.R.F. Senftleben, *Function Theory and International Exhaustion: Why it is Wise to Confine the Double Identity Rule in EU Trade Mark Law to Cases Affecting the Origin Function*, 36 EUR. INTELL. PROP. REV. 518, 518-21 (2014); P.J. Yap, *Essential Function of a Trade Mark: From BMW to O2*, EUR. INTELL. PROP. REV. 81, 86-87 (2009).

156. See Martin Senftleben, *Adapting EU Trademark Law to New Technologies: Back to Basics?*, in CONSTRUCTING EUROPEAN INTELLECTUAL PROPERTY: ACHIEVEMENTS AND NEW PERSPECTIVES 137, 158 (Christophe Geiger ed., Edward Elgar 2013) [hereinafter *Adapting EU Trademark Law to New Technologies*].

*L'Oréal v. Bellure*, the court held that a mere attempt to ride “on the coat-tails of a mark with a reputation” to benefit from its power of attraction, its reputation and its prestige, was sufficient to find prima facie infringement.<sup>157</sup> The court’s willingness to develop a specific due cause defense in *Interflora v. Marks & Spencer* shows that this broad grant of protection in the area of free-riding need not be the last word when it comes to use that enhances fair competition and consumer information.<sup>158</sup>

Use that damages a mark with a reputation, however, is unlikely to qualify as use with due cause.<sup>159</sup> The described *Interflora* factors, quite clearly, seek to exclude the possibility of relying on the due cause defense in cases where harm is caused.<sup>160</sup> A successful invocation of the due cause defense for purposes of commercial speech is thus unlikely when the use brings detriment to the distinctive character or the repute of a mark with a reputation.<sup>161</sup> This configuration of the due cause test is in line with assessment factors known from copyright law, such as the fourth factor of the U.S. fair use doctrine addressing “the effect of the use upon the potential market for or value of the copyrighted work”<sup>162</sup> or the second criterion of the international three-step test which prohibits a “conflict with a normal exploitation of the work.”<sup>163</sup>

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157. Case C-487/07, *L'Oréal v. Bellure*, 2009 E.C.R. 49, para. 49.

158. *Interflora*, 2011 E.C.R., para. 91.

159. See *Adapting EU Trademark Law to New Technologies*, *supra* note 156, at 159.

160. *Interflora*, 2011 E.C.R., para. 91.

161. See *Adapting EU Trademark Law to New Technologies*, *supra* note 156, at 156-60.

162. See generally *Comparative Approaches to Fair Use*, *supra* note 1, at 32 (comparing the U.S. fair use doctrine with copyright exception reforms in the EU system).

163. *Declaration on a Balanced Interpretation*, *supra* note 61, at 707; Christophe Geiger, Daniel Gervais, & Martin Senftleben, *The Three-Step Test Revisited: How to Use the Test's Flexibility in National Copyright Law*, 29 AM. U. INT'L L. REV. 581, 582-86 (2014) [hereinafter *The Three-Step Test Revisited*]; Geiger, *The Three-Step Test, a Threat to a Balanced Copyright Law?*, *supra* note 58, at 683; Daniel J. Gervais, *Making Copyright Whole: A Principled Approach to Copyright Exceptions and Limitations*, 5 U. OF OTTAWA L. & TECH. J. 1, 30 (2008); Griffiths, *supra* note 3, at 428-31; T. Heide, *The Berne Three-Step Test and the Proposed Copyright Directive*, EUR. INTELL. PROP. REV. 105, 106 (1999); M.R.F. Senftleben, *How to Overcome the Normal Exploitation Obstacle: Opt-Out*

Apart from the need to reconcile trademark protection with the guarantee of commercial freedom of expression, the CJEU also addressed conflicting rights and interests of the defendant that may oblige the trademark proprietor to tolerate the use of a sign similar to her mark with a reputation.<sup>164</sup> With regard to this category of due cause, the CJEU indicated in *Specsavers v. Asda* that Asda's use of a sign in the color green did not automatically amount to unfair free-riding on the trademark which Specsavers had continuously been using in that color.<sup>165</sup> By contrast, the allegedly infringing use may have been justified if Asda could have shown that it was itself associated, in the mind of a significant portion of the public, with the color green and that this color had been used for the representation of the conflicting sign.<sup>166</sup>

After this precursor, the case *Leidseplein Beheer v. Red Bull*<sup>167</sup> gave the CJEU the opportunity to refine the due cause factors in the area of subjective third-party interests. The case raised the question of under which conditions due cause may cover the continued use of the sign "Bulldog" when that use started prior to the registration of the trademark RED BULL, remained limited to dissimilar bar and restaurant services before the trademark acquired a reputation and, at a later stage, led to the registration of "Bulldog" as word and figurative marks in relation to the same goods and services.<sup>168</sup> In the Court's view, a due cause could potentially be found in this situation based on two factors: (1) a determination as to how the Bulldog sign had been accepted by, and what its reputation was with, the relevant public; (2) an examination of the intention of the person using the Bulldog sign.<sup>169</sup> The CJEU added sub-factors for the determination of

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*Formalities, Embargo Periods, and the International Three-Step Test*, BERKELEY TECH. L. J. COMMENTS, 1, No. 1 (2014).

164. See Case C-252/12, *Specsavers v. Asda*, 2013 E.C.R. 497 (deciding that the use of a color that can be shown by the third party to also be associated with their company is not enough to establish unfair use).

165. *Id.* para. 46-48.

166. *Id.* para. 49.

167. Case C-65/12, 2014 E.C.R. 49 (deciding that the use of a registered mark by a third party is acceptable if it was used prior to the marks registration and in good faith).

168. *Id.* para. 50-51.

169. *Id.* para. 53-55.

use in good faith, namely (3) the degree of proximity between the goods and services for which the conflicting sign had been used and the product for which the reputed mark was registered, (4) the moment when the conflicting sign was first used for a product identical to that for which the trademark was registered and (5) the point in time when the trademark acquired its reputation.<sup>170</sup>

As to the interplay of these sub-factors, the Court explained that it may be of particular relevance whether the extended use of the Bulldog sign to energy drinks could be seen as a natural extension of the bar and restaurant services for which “Bulldog” already enjoyed a certain reputation with the relevant public.<sup>171</sup> Moreover, the court considered that, the greater the repute of the Bulldog sign prior to the registration of RED BULL, the more its use may be necessary for continued marketing of a product identical to products for which the mark was registered.<sup>172</sup> Good faith obliging the trademark proprietor to tolerate use of a conflicting sign for identical goods or services required, in particular, the assessment of how the conflicting sign had been accepted by, and what its reputation was with, the relevant public; the degree of proximity between the goods and services for which that sign was originally used and the product for which the mark with a reputation was registered; and the economic and commercial significance of the use for that product of the sign which was similar to the mark with a reputation.<sup>173</sup>

These decisions show that the CJEU had no difficulty in deriving appropriate assessment factors from the open due cause defense in EU trademark law. These due cause factors make the future application of the same defense more concrete and the outcome of the court’s appreciation of a given case more foreseeable.<sup>174</sup> Hence,

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170. *Id.* para. 53-56.

171. *Id.* para. 57-59.

172. *Id.*

173. *See* Case C-65/12, *Leidseplein Beheer v. Red Bull*, 2014 E.C.R. 49, para. 60-61.

174. *See* Panel Report, *United States - Section 110(5) of the Copyright Act*, WTO Doc. WT/DS160/R, para. 6.108 (June 2000) [hereinafter Section 110(5) Panel Report] (leaving room for the adoption of fair use legislation by pointing out that it was not necessary “to identify explicitly each and every possible situation to which the exception could apply, provided that the scope of the exception was known and particularised”); Lucas, *supra* note 33, at 282; *The Three-Step Test*



CJEU jurisprudence does not indicate in any way that civil law judges are incapable of applying an open-ended defense, such as the due cause defense in EU trademark law.<sup>175</sup>

As the present analysis is carried out against the background of the situation in copyright law, it is of particular interest to also explore the application of the due cause defense in cases involving artistic or political speech. This focus corresponds with the particular importance that is traditionally attached to “transformative use” for the purpose of generating new forms of expression in U.S. decisions addressing the fair use defense in copyright law.<sup>176</sup> So far, the CJEU has not had the opportunity to decide cases involving the invocation of the trademark due cause defense with regard to political or artistic speech.<sup>177</sup> National decisions in civil law jurisdictions, however, demonstrate the potential of the due cause defense to serve as a safeguard for political and artistic freedom of expression.<sup>178</sup> The case *Lila Postkarte* of the German Federal Court of Justice, for example, concerned the marketing of postcards that ironically alluded to trademarks and advertising campaigns of the chocolate producer, Milka.<sup>179</sup> On purple background corresponding to Milka’s abstract color mark, the postcard sought to ridicule the nature idyll with cows and mountains that is evoked in Milka advertising.<sup>180</sup> It showed the following poem attributed to “Rainer Maria Milka”:

Über allen Wipfeln ist Ruh/

irgendwo blökt eine Kush/

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*Revisited, supra* note 163, at 581; H. Cohen Jehoram, *Some Principles of Exceptions to Copyright*, in *URHEBERRECHT GESTERN – HEUTE – MORGEN* 381 (Peter Ganea, Christopher Heath & Gerhard Schrickler eds., München: Verlag C.H. Beck, 2001) [hereinafter *Exceptions to Copyright*]; *Declaration on a Balanced Interpretation, supra* note 61, at 701.

175. As almost all EU member states follow the civil law tradition (even in the United Kingdom, Scotland is a civil law jurisdiction), CJEU judges are predominantly judges with a civil law background.

176. See *supra* Section 3 (providing an overview of the U.S. fair use approach).

177. See *KUR & SENFTLEBEN, supra* note 146, para. 5.250-5.272.

178. See *SAKULIN, supra* note 146, at 282-88; *Free Signs and Free Use, supra* note 146, at 368.

179. Bundesgerichtshof [BGH][Federal Court of Justice] Feb. 3, 2005, I ZR 159/02 *Gewerblicher Rechtsschutz und Urheberrecht* 583 (Ger.).

180. *Id.* at 583.

Muh!<sup>181</sup>

Assessing this ironic play with Milka insignia, the German Federal Court of Justice held that for the use of Milka trademarks to constitute relevant trademark use in the sense of Article 10(2)(c) TMD, it was sufficient that the postcard called to mind the well-known Milka signs.<sup>182</sup> Even though being decorative, the use in question thus gave rise to the question of trademark infringement.<sup>183</sup> Accordingly, the German Federal Court of Justice embarked on a scrutiny of the trademark parody in the light of the infringement criteria of detriment to distinctive character or repute, and the taking of unfair advantage.<sup>184</sup> Weighing Milka's concerns about a disparagement of the trademarks against the fundamental guarantee of the freedom of art, the Court finally concluded that the freedom of art had to prevail in light of the ironic statement made with the postcard.<sup>185</sup> The use of Milka trademarks thus took place with "due cause" in the sense of Article 10(2)(c) TMD.<sup>186</sup>

Other national decisions show that the due cause defense may also play an important role in safeguarding political freedom of speech.<sup>187</sup> In the light of the fundamental guarantee of freedom of expression, the German Federal Court of Justice permitted the use of the expression "gene-milk" in connection with products bearing the trademarks "Müller", "Weihenstephan", "Sachsenmilch" and "Loose" to make consumers aware of the risks of genetically modified milk in milk products.<sup>188</sup> The French Supreme Court allowed the use of the trademark ESSO for the purposes of an environmental campaign which Greenpeace had organized to

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181. *Id.* at 583 (explaining the attribution to 'Rainer Maria Rilke' is an allusion to the famous German writer Rainer Maria Rilke. Passage translates to "It is calm above the tree tops, somewhere a cow is bellowing. Moo!").

182. *Id.* at 584.

183. *Id.* at 584-585.

184. *Id.*

185. Bundesgerichtshof [BGH][Federal Court of Justice] Feb. 3, 2005, I ZR 159/02 Gewerblicher Rechtsschutz und Urheberrecht 583, 584-85 (Ger.).

186. *Id.* at 585.

187. See KUR & SENFTLEBEN, *supra* note 146, para. 5.267, 6.59-6.70.

188. See Bundesgerichtshof [BGB][Federal Court of Justice] Mar. 11, 2008, VI ZR 7/07, <http://juris.bundesgerichtshof.de/cgi-bin/rechtsprechung/document.py?Gericht=bgh&Art=en&nr=43549&pos=0&anz=>.

criticize environmental policies of the company on the basis of the trademark caricature “E\$\$O”.<sup>189</sup>

National case law also shows the limits of the due cause defense in parody cases with a commercial background. In the decision *Styriagra*,<sup>190</sup> the Austrian Supreme Court prohibited the marketing of pumpkin seeds with blue frosting under the trademark STYRIAGRA. As the blue frosting and the trademark called to mind Pfizer’s well-known VIAGRA trademark and the blue Viagra pills, the court found that the defendant sought to profit unfairly from the strong reputation of Pfizer’s trademark as a vehicle to draw the attention of consumers to his pumpkin product.<sup>191</sup> In this context, the Court rejected the argument that use had taken place with due cause.<sup>192</sup> As the defendant conducted his business in the Austrian state Styria, the trademark STYRIAGRA could be understood as an ironic blend of the name of the Austrian state where the pumpkin seeds came from, and the VIAGRA trademark of the plaintiff.<sup>193</sup> To further support his parody argument, the defendant also pointed out that his ironic play with Pfizer’s trademark and pill color created a sharp contrast between chemical and natural means to treat erectile dysfunction.<sup>194</sup> The Austrian Supreme Court, however, remained unimpressed.<sup>195</sup> While conceding that the due cause defense could be invoked to justify an artistic trademark parody, the Austrian Supreme Court held that in these specific circumstances, the intention to take unfair advantage of the magnetism of Pfizer’s highly distinctive trademark was predominant.<sup>196</sup> Pfizer’s interest in trademark

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189. See Cour de cassation [Cass.][Supreme Court of Judicial Matter] case 06-10961, Apr. 8, 2008, (Fr.); see also Cour de cassation [Cass.][Supreme Court of Judicial Matter] case 07-11251, Apr. 8, 2008, (Fr.) (discussing Exxon Mobil Corporations trademark ESSO which, in this case, was caricatured by replacing the ‘S’ with ‘\$’ to insinuate that the company only cares about money and not the environment).

190. Oberster Gerichtshof [OGH][Supreme Court] Sept. 22, 2009, 17 Ob15/09v, 3.4 (Austria).

191. *Id.* para. 2.

192. *Id.*

193. *Id.*

194. *Id.*

195. *Id.* para. 3.4.

196. Oberster Gerichtshof [OGH][Supreme Court] Sept. 22, 2009, 17 Ob15/09v, 3.4 (Austria).

protection thus prevailed over the defendant's free speech interests.<sup>197</sup>

Given these balanced and elaborate results, the comparison based on EU trademark law shows that it is wrong to assume that civil law judges are incapable of applying an open-ended fair use defense in an appropriate manner.<sup>198</sup> By contrast, judges who successfully apply the due cause defense in EU trademark law can hardly be expected to face difficulties in applying a fair use defense in copyright law.<sup>199</sup> The argument that open-ended fair use limitations would overstrain civil law judges and lead to legal uncertainty is mere rhetoric.<sup>200</sup> In reality, judges can put open-ended norms to good use not only in common law countries but also in civil law countries.<sup>201</sup> As their colleagues across the Atlantic, civil law judges in the EU can be expected to apply open-ended norms successfully and consistently on the basis of factors that evolve in relevant case law.<sup>202</sup>

#### V. RECALIBRATION OF THE EU SYSTEM

Once the idea of an incompatibility with civil law copyright systems is unmasked as mere rhetoric, it becomes possible to embark on a true, meaningful debate about fair use legislation – a debate in which the option of introducing fair use norms is not discredited from the outset.<sup>203</sup> In fact, the analysis of the evolution of due cause factors in EU trademark law shows that civil law judges have no difficulty in handling very abstract provisions, such as a defense of “due cause” that is not even supplemented with a list of assessment factors.<sup>204</sup> In the absence of legislation that sets forth a list of factors, relevant assessment criteria will emerge in court decisions. The trademark decisions *Interflora v. Marks & Spencer* and *Leidseplein Beheer v. Red Bull* illustrates this process.<sup>205</sup> Against this

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197. *Id.*

198. *Comparative Approaches to Fair Use*, *supra* note 1, at 44-46.

199. *Id.* at 46.

200. *Id.*

201. See *Bridging the Differences Between Copyright's Legal Traditions*, *supra* note 3, at 521-552 (discussing the trans-Atlantic fair use approach).

202. *Comparative Approaches to Fair Use*, *supra* note 1, at 44-46.

203. See *The Three-Step Test Revisited*, *supra* note 163, at 612-16 (tracing an overview of the various arguments shaping this debate).

204. See *supra* Section 4.

205. *Id.*

background, EU policy makers could take the experiences in EU trademark law as a starting point and introduce a corresponding defense of “due cause” in EU copyright law. The task of developing appropriate due cause factors could confidently be left to the courts in EU Member States – with the CJEU ensuring the evolution of consistent case law on the basis of prejudicial questions about the right interpretation that are following from article 267 TFEU.<sup>206</sup> Alternatively, EU policy makers could seek to provide more legislative guidance and adopt not only an open due cause defense but also a list of assessment factors, such as the factors known from the US fair use doctrine.<sup>207</sup>

Considering the current framework of copyright limitations in the EU, however, a further, more elegant solution should also be taken into account. As explained above, Article 5(5) ISD sets forth a three-step test in EU copyright law that is currently applied as an additional control mechanism: an unauthorized use based on a precisely-defined national copyright limitation must survive additional scrutiny in the light of the three-step test.<sup>208</sup> Given this configuration of the EU system of copyright limitations, a new fair use provision, such as an open-ended defense of “due cause”, would be subject to scrutiny under the three-step test as well.<sup>209</sup> In the context of the ISD, recital 44 explicitly recalls that

[w]hen applying the exceptions and limitations provided for in this Directive, they should be exercised in accordance with international obligations. Such exceptions and limitations may not be applied in a way which prejudices the legitimate interests of the rightholder or which conflicts with the normal exploitation of his work or other subject-matter.<sup>210</sup>

Hence, the three-step test in Article 5(5) ISD is intended to ensure compliance with relevant international obligations, namely the

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206. *Id.*

207. *Cf.* Sony Corp., 464 U.S. 416, 447-52 (1984); Sag, *supra* note 71; Samuelson, *supra* note 71; Beebe, *supra* note 71; FÖRSTER, *supra* note 71; Litman, *supra* note 71; Leval, *supra* note 71; Nimmer, *supra* note 71.

208. *Cf.* Griffiths, *supra* note 3, at 435; *The International Three-Step Test*, *supra* note 3, at 69-73.

209. *See* Directive 2001/29/EC, *supra* note 10, at 13, 17.

210. *Id.* at 13.

international three-step tests laid down in article 9(2) BC, article 13 TRIPS and article 10 WCT.<sup>211</sup> Courts in the EU will thus continue to apply the three-step test in cases about the limitation of copyright protection.<sup>212</sup> In addition to due cause factors that may follow from legislation or evolve in case law, they will consider the requirement of a certain special case, the prohibition of a conflict with a normal exploitation and the prohibition of an unreasonable prejudice to legitimate interests.<sup>213</sup> In consequence, the three-step test will not lose the character of an additional control mechanism in the EU: an unauthorized use that is deemed permissible in the light of due cause factors would still have to satisfy the criteria of the three-step test.<sup>214</sup>

At the international level, the role of the three-step test is not confined to this use as an additional control instrument. The first three-step test in international copyright law – Article 9(2) BC, was based on a drafting proposal tabled by the UK delegation at the 1967 Stockholm Conference for the Revision of the Berne Convention.<sup>215</sup> Having its roots in the Anglo-American copyright tradition, it is not surprising that the three-step test consists of open-ended factors comparable to traditional fair use legislation in common law countries.<sup>216</sup> A line between the criteria of the three-step test and the factors to be found in fair use provisions, such as the US fair use doctrine, can easily be drawn: the prohibition of a conflict with a

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211. *Id.*; see Berne Convention, *supra* note 121, art. 9(2); Agreement on Trade-Related Aspects of Intellectual Property Rights art. 13, Apr. 15, 1994, 1869 U.N.T.S. 299, 33 I.L.M. 1197 [hereinafter TRIPS Agreement] (explaining that the prohibition of a prejudice to legitimate interests of the copyright holder and the prohibition of a conflict with a normal exploitation are direct references to the three-step test); WIPO Copyright Treaty, *supra* note 121, art. 10; *The International Three-Step Test*, *supra* note 3, at 76.

212. Case C-5/08, *Infopaq Int'l A/S v. Danske Dagblades Forening*, 2009 E.C.R. I, ¶ 56, 58, <http://curia.europa.edu>; Case C-435/12, *Adam BV v. Stichting de ThuisKopie*, 2014 EUR-Lex CELEX LEXIS 62012CJ0435, ¶ 39 (Apr. 10, 2014); Case C-117/13, *Technische Universität Darmstadt v. Ulmer*, 2014 EUR-Lex CELEX LEXIS 62013CA0117, ¶ 46-48 (Sept. 11, 2014).

213. See Directive 2001/29/EC, *supra* note 10, at 17; Berne Convention, *supra* note 121, art. 9(2); TRIPS Agreement, *supra* note 211, art. 13; WIPO Copyright Treaty, *supra* note 121, art. 10.

214. See Directive 2001/29/EC, *supra* note 10, at 17.

215. See WIPO, *supra* note 49, at 630; *The International Three-Step Test*, *supra* note 3, at 74.

216. See *Comparative Approaches to Fair Use*, *supra* note 1, at 37.

normal exploitation, for instance, recalls the fourth factor of the US fair use doctrine “effect of the use upon the potential market for or value of the copyrighted work.”<sup>217</sup>

Not surprisingly, the Stockholm Conference perceived the three-step test as a flexible framework in which national legislators enjoy the freedom of adopting copyright limitations to satisfy domestic social, cultural, and economic needs.<sup>218</sup> This international *acquis* of the provision shows that, in sharp contrast to the impression given by current EU legislation, the three-step test need not function as a straitjacket of copyright limitations.<sup>219</sup> At the international level, the three-step test serves as a compromise solution that allows national policy makers to tailor copyright limitations to their specific domestic needs.<sup>220</sup>

The 1996 WIPO Diplomatic Conference leading to the adoption of the WIPO Copyright Treaty confirms this understanding of the international three-step test.<sup>221</sup> The Agreed Statement Concerning Article 10 WCT explicitly addresses the flexibility inherent in the international three-step test:

It is understood that the provisions of Article 10 permit Contracting Parties to carry forward and appropriately extent into the digital environment limitations and exceptions in their national laws which have been considered acceptable under the Berne Convention. Similarly, these provisions should be understood to permit Contracting Parties to devise

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217. 17 U.S.C. § 107; Leval, *supra* note 71, at 1124-1125 (“By definition every fair use involves some loss of royalty revenue because the secondary user has not paid royalties. Therefore, if an insubstantial loss of revenue turned the fourth factor in favor of the copyright holder, this factor would never weigh in favor of the secondary use. . . . The market impairment should not turn the fourth factor unless it is reasonably substantial. When the injury to the copyright holder’s potential market would substantially impair the incentive to create works for publication, the objectives of the copyright law require that this factor weigh heavily against the secondary user.”); *The International Three-Step Test*, *supra* note 3, at 74 (explaining that lessons for the application of an EC fair use doctrine can particularly be derived from experiences with an overly broad application of the fourth factor test).

218. See WIPO, *supra* note 49, at 81.

219. See *The International Three-Step Test*, *supra* note 3, at 74-76 (discussing an alternative concept using the three-step test as a flexibility tool).

220. See *The Three-Step Test Revisited*, *supra* note 163, at 583-584.

221. See WIPO Copyright Treaty, *supra* note 121, art. 10, n.9.

new exceptions and limitations that are appropriate in the digital network environment. It is also understood that Article 10(2) neither reduces nor extends the scope of applicability of the limitations and exceptions permitted by the Berne Convention.<sup>222</sup>

This balanced Agreed Statement, allowing the extension of traditional and the development of new exceptions and limitations with regard to the digital environment, is the result of deliberations in which the intention to ensure copyright limitations a proper ambit of operation occupied center stage.<sup>223</sup> The basic proposal for the later WIPO Copyright Treaty already noted with regard to limitations that,

When a high level of protection is proposed, there is reason to balance such protection against other important values in society. Among these values are the interests of education, scientific research, the need of the general public for information to be available in libraries and the interests of persons with a handicap that prevents them from using ordinary sources of information.<sup>224</sup>

In this vein, the concern about sufficient breathing space for socially valuable ends played a decisive role in the deliberations concerning exceptions and limitations. The Minutes of Main Committee I mirror the determination to shelter use privileges: the US sought to safeguard the fair use doctrine.<sup>225</sup> Denmark feared that the new rules under discussion could become “a ‘straight jacket’ for existing exceptions in areas that were essential for society.”<sup>226</sup> Many delegations opposed the later article 10(2) WCT which subjects current limitations under the Berne Convention to the three-step

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222. *Id.*

223. See Diplomatic Conference on Certain Copyright and Neighboring Rights Questions, *Basic Proposal for the Substantive Provisions of the Treaty on Intellectual Property in Respect of Databases to Be Considered by the Diplomatic Conference*, WORLD INTELL. PROP. ORG., IPO Doc. CRNR/DC/4, 2-3 (Aug. 30, 1996) [hereinafter WIPO Diplomatic Conference Basic Proposal]; Diplomatic Conference on Certain Copyright and Neighboring Rights Questions, *Summary Minutes, Main Committee I of the Diplomatic Conference*, WORLD INTELL. PROP. ORG., Doc. CRNR/DC/102 (Aug. 26, 1996) [hereinafter WIPO Diplomatic Conference Summary Minutes].

224. WIPO Diplomatic Conference Basic Proposal, *supra* note 223, § 12.09.

225. WIPO Diplomatic Conference Summary Minutes, *supra* note 223, § 488.

226. *Id.* § 489.



test.<sup>227</sup> Korea unequivocally suggested the deletion of paragraph 2<sup>228</sup> – a proposal several other delegations approved<sup>229</sup> Singapore, for instance, elaborated that the second paragraph was “inconsistent with the commitment to balance copyright laws, where exceptions and limitations adopted by the Conference were narrowed, and protection was made broader.”<sup>230</sup>

The Agreed Statement Concerning Article 10 WCT is thus the outcome of an international debate in which the need to maintain an appropriate balance in copyright law has clearly been articulated.<sup>231</sup> The three-step test of article 10 WCT is intended not only as a restrictive control mechanism, but also as a guideline for the extension of existing copyright limitations, and the introduction of new limitations in the digital environment.<sup>232</sup> The preamble of the WCT confirms this analysis. It stresses the necessity “to maintain a balance between the rights of authors and the larger public interest, particularly education, research and access to information, as reflected in the Berne Convention.”<sup>233</sup>

Hence, the three-step test need not be employed as an additional control mechanism. It can also be used to enable limitations and enhance flexibility.<sup>234</sup> This insight supports a different approach to the introduction of a flexible, open-ended norm in the EU – an

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227. *See id.* § 488, § 489, § 495, § 497, § 488.

228. *Id.* § 491.

229. *See id.* § 493, § 500.

230. *Id.* § 492.

231. *The Three-Step Test Revisited*, *supra* note 163, at 590-591.

232. WIPO Copyright Treaty, *supra* note 121, art. 10, n.9.

233. See Sam Ricketson, *The Boundaries of Copyright: Its Proper Limitations and Exceptions: International Conventions and Treaties*, INTELL. PROP. Q. 56, 61-62 (1999); see also WIPO Copyright Treaty, *supra* note 121, at 9; WIPO Diplomatic Conference Basic Proposal, *supra* note 223, § 12.09 (explaining that the WPPT contains a similar formulation in its preamble); WIPO Diplomatic Conference Summary Minutes, *supra* note 223, para. 72, 74; cf. Andre Francon, *La conference diplomatique sur certaines question de droit d'auteur et de droits voisins*, REVUE INT'L DU DROIT D'AUTEUR 3 (1997); *Exceptions to Copyright*, *supra* note 174, at 382.

234. See *The International Three-Step Test*, *supra* note 3, at 67; see also Griffiths, *supra* note 3, at 436-41; Senftleben, *Bridging the Differences Between Copyright's Legal Traditions*, *supra* note 3, at 545-546 (discussing examples of a flexible application of the test).

alternative approach that makes the described enabling function of the three-step test visible and changes its present restrictive role. Instead of adopting a due cause defense with specific due cause factors, the three-step test of Article 5(5) ISD itself can be recalibrated to serve as an enabling clause that permits the development of new use privileges case-by-case.<sup>235</sup> This recalibration of the three-step test would not require substantial changes of the existing legislative framework. It would suffice to redefine Article 5(5) ISD as follows:

In certain special cases comparable to those reflected by the exceptions and limitations provided for in paragraphs 1, 2, 3 and 4, the use of works or other subject-matter may also be exempted from the reproduction right provided for in Article 2 and/or the right of communication and making available to the public provided for in Article 3, provided that such use does not conflict with a normal exploitation of the work or other subject-matter and does not unreasonably prejudice the legitimate interests of the rightholder.<sup>236</sup>

In line with this proposal, the exceptions currently enumerated in paragraphs 1, 2, 3, and 4 of Article 5 ISD would remain unchanged. The proposed wording, however, would make it clear that these exceptions are regarded as certain special cases in the sense of the three-step test.<sup>237</sup> Accordingly, they could serve as a reference point for the identification of further cases of permissible, unauthorized use.<sup>238</sup> The catalogue of explicitly listed EU exceptions would thus fulfil the same function as the indication of purposes, “such as criticism, comment, news reporting, teaching [ . . . ], scholarship, or research,” in Section 107 of the US Copyright Act.<sup>239</sup> As a result, the proposed fair use provision would also solve the problem of

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235. See *The International Three-Step Test*, *supra* note 3, at 76-77.

236. *Id.* at 76 (resulting from the Wittem Project that was established in 2002 as a collaboration between copyright scholars across the European Union concerned with the future development of European copyright law).

237. See Directive 2001/29/EC, *supra* note 10, art. 5(1)-(4) (containing exceptions and limitations that are deemed special cases in the sense of the three-step test by the words “such as”).

238. See *The International Three-Step Test*, *supra* note 3, at 76-77; *Bridging the Differences Between Copyright’s Legal Traditions*, *supra* note 3, at 549.

239. Cf. *Bridging the Differences Between Copyright’s Legal Traditions*, *supra* note 3, at 549.

insufficient flexibility and insufficient legal certainty under the current, dysfunctional system of copyright exceptions in the EU. Once the proposed redefinition of Article 5(5) ISD has occurred, sufficient flexibility follows from use of the three-step test as an opening clause that allows the courts to devise new exceptions on the basis of the exception prototypes listed in Article 5(1) to (4) ISD and potential further prototypes that may be added in the course of the reform of copyright law in the EU.<sup>240</sup>

Furthermore, the change in the use of the three-step test would enhance the degree of legal certainty provided by the EU system. The proposed redefinition of the three-step test would prevent the courts from employing the test as a means of placing additional constraints on statutory exceptions that are defined precisely in national legislation.<sup>241</sup> By contrast, the court could invoke the abstract criteria of the test to devise new exceptions.<sup>242</sup> As a result, the legal certainty resulting from the precise definition of use privileges at the national level would no longer be eroded through the additional application of the open-ended three-step test.<sup>243</sup> In case of precisely defined national exceptions, users of copyrighted material could rely on the scope following from the wording of the respective national provisions.<sup>244</sup> There would be no need to speculate on the outcome of an additional scrutiny in the light of the three-step test.

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240. *Comparative Approaches to Fair Use*, *supra* note 1, at 59.

241. *See* Directive 2001/29/EC, *supra* note 10, at 17 (explaining that the proposed new wording of Article 5(5) ISD provides for the application of the three-step test as a tool to develop new exceptions and limitations in the light of existing prototypes laid down in Article 5(1) to (4) ISD; however, noting that the new wording would no longer impose an obligation on judges to scrutinize specific exceptions and limitations (which are already clearly defined) in the light of the criteria of the three-step test).

242. *See The International Three-Step Test*, *supra* note 3, at 76-77.

243. *Id.* at 73-74.

244. *See* Directive 2001/29/EC, *supra* note 10, at 17 (considering that national provisions would no longer be scrutinized in the light of the abstract criteria of the three-step test, their wording would give a complete picture of the requirements to be fulfilled for invoking the use privilege concerned; as a result, users invoking a national copyright exception would no longer have to consider that, in addition to the requirements stated in national law, the abstract criteria of Article 5(5) ISD could constitute further obstacles).

When compared with the lamentable current state of the regulation of copyright limitations in the EU, the adoption of the proposed fair use provision based on the three-step test would thus improve the limitation infrastructure substantially.<sup>245</sup> Instead of minimizing both flexibility and legal certainty, the proposed redefinition of the three-step test in Article 5(5) ISD would ensure sufficient flexibility to cope with the challenges of the rapid development of the Internet and, at the same time, enhance the degree of legal certainty that can be achieved on the basis of a precise definition of exceptions.<sup>246</sup>

It is important to note that prior to the adoption of the ISD, the Dutch Supreme Court – a court in a country following the civil law tradition – already developed jurisprudence that can be regarded as a precursor of the proposed legislative reform. In 1995, the Court sought to open up the closed catalogue of exceptions in the Dutch Copyright Act and pave the way for more flexibility that would allow the adequate balancing of interests in the light of new developments in the area of copyright law.<sup>247</sup> In the national *Dior/Evora* decision preceding the later judgment of the “CJEU,”<sup>248</sup> the Dutch Supreme Court identified the following room for the creation of additional breathing space within the Dutch system of exceptions:

In § 6 of Chapter 1 of the Dutch Copyright Act, several exceptions to copyright are enumerated which, as a general rule, are based on a balancing of the interests of copyright owners against social or economic interests of third parties or against the public interest. However, these explicit exceptions do not exclude the possibility that the limits of copyright must also be determined more closely in other cases on the basis of a comparable balancing of interests, in particular when the lawmaker was not aware of the need for the limitation concerned and the latter fits in the system of the law – this in the light of the development of copyright as a means of protecting commercial interests. For the required

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245. Cf. *The International Three-Step Test*, *supra* note 3, at 77-78.

246. *Id.* at 78.

247. Christophe Geiger, *Flexibilising Copyright – Remedies to the Privatisation of Information by Copyright Law*, 39 INT’L REV. INTELL. PROP. & COMPETITION L. 178, 185-97 (2008) (regarding the general need for enhanced flexibility).

248. Case C-337/95, *Dior v. Evora*, 1997 CURIA ¶¶ 58-59 (declining to comment on the opening up of the closed catalogue of exceptions in the Netherlands).

balancing of interests, one or more of the exceptions enumerated in the law can be used as a reference point.<sup>249</sup>

The case concerned advertising which Evora made to draw the attention of consumers to parallel imports of Dior perfumes sold in its drugstores at a good price.<sup>250</sup> As the luxury perfumes appeared in regular drugstore advertising brochures, Dior feared an erosion of its prestigious brand image.<sup>251</sup> It relied on cumulative copyright and trademark protection of the perfume packaging and bottles to put an end to the advertising campaign and preserve its exclusive distribution network of official Dior dealers.<sup>252</sup>

Noting that the first sale exhausted Dior's copyright on the packaging and bottles, the Dutch Supreme Court expressed the view that Dior's interest in copyright as a weapon against further reproduction and distribution in the context of advertising did not have much weight.<sup>253</sup> The Court drew a parallel between this situation and the catalogue exception in article 23 of the Dutch Copyright Act, which allows the owner of a work of (applied) art to include the work in a catalogue necessary for a public exhibition or sale.<sup>254</sup> Considering the preference given to the interest in the unauthorized inclusion of an artistic work in an exhibition or sale catalogue, the Court concluded that Evora's interest in the advertising of the resale of Dior perfume in the Netherlands also had to prevail – at least as long as no harm would flow from the way in which Evora advertised the Dior products.<sup>255</sup>

This national decision of the Dutch Supreme Court is a fundamental shift in the continental-European tradition of precisely-defined exceptions.<sup>256</sup> In the Netherlands, the decision was

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249. HR 20 oktober 1995, NJ 1996, 682 (Dior/Evora) ¶ 3.6.2 (Neth.).

250. *Id.*

251. *Id.*

252. *Id.*

253. *Id.*

254. *Id.*

255. HR 20 oktober 1995, NJ 1996, 682 (Dior/Evora) ¶ 3.6.2 (Neth.).

256. See MARTIN SENFLTEBEN, QUOTATIONS, PARODY AND FAIR USE, IN A CENTURY OF DUTCH COPYRIGHT LAW – AUTEURSWET 1912-2012 359, 369-71 (P. Bernt Hugenholtz et al. eds., 2012) [hereinafter QUOTATIONS, PARODY AND FAIR USE] (discussing this development).

predominantly understood to have opened up the closed catalogue of specific exceptions in the Dutch Copyright Act, which was in force at that time.<sup>257</sup> Several commentators placed the decision in the context of the fair use doctrine in the U.S.<sup>258</sup> Instead of relying on abstract factors as guidelines for the identification of a fair use, the Supreme Court acknowledged that there was a possibility of using existing exceptions in the Dutch Copyright Act as a model for the creation of new exceptions.<sup>259</sup> On the basis of a comparable balancing of interests, gaps in the limitation infrastructure could be filled as long as the envisaged new use privilege was in line with the Dutch system of exceptions.<sup>260</sup>

With regard to the introduction of an open-ended copyright limitation at EU level, this Dutch precursor confirms that courts could derive fair use flexibility from the application of well-established exception prototypes by analogy.<sup>261</sup> The above-described legislative reform – the incorporation of the new, recalibrated Article 5(5) ISD – would follow this approach and give the CJEU the opportunity to develop a flexible framework for copyright limitations on the basis of the open-ended three-step test without losing sight of the existing *acquis* of long-standing, specific copyright limitations.<sup>262</sup> The question, then, is how the CJEU would deal with the three-step test as an open norm that allows the development of new use privileges case-by-case.

As a result of the reform proposal made above, the role of the three-step test would change significantly: from a test that is employed to further restrict national copyright limitations, to an opening clause that serves as a basis for the development of new use privileges in the light of the EU *acquis* of existing limitations.<sup>263</sup> The

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257. F.W. Grosheide, *De commercialisering van het auteursrecht* [Copyright of Copyright], in *TIJDSCH VOOR AUTEURS-, MEDIA- EN INFORMATIERECHT* 43, 43 (1996).

258. See 17 U.S.C.A. § 107 (West 1976); HR 20 oktober 1995 (Dior/Evora), ¶ 2; P. STEINHAUSER, *BIJBLAD BIJ DE INDUSTRIËLE EIGENDOM* 195, 212 (1998).

259. HR 20 oktober 1995 (Dior/Evora), ¶ 3.6.2.

260. *Id.*

261. See *Comparative Approaches to Fair Use*, *supra* note 1, at 63-65 (discussing further parameters that would support this development).

262. Directive 2001/29/EC, *supra* note 10, at 17.

263. Cf. *The International Three-Step Test*, *supra* note 3, at 76-77.

CJEU would thus have to take a fresh look at the three-step test and apply it in a way that enables the evolution of new copyright limitations. Setting forth the requirement of “not unreasonably prejudice the legitimate interests of the rightholder,” the third step of the three-step test is of particular importance in this regard.<sup>264</sup> The wording of this test makes it clear that not each and every potential interest of the copyright holder is relevant.<sup>265</sup> Only legitimate interests are factored into the equation. Furthermore, not each and every prejudice to legitimate interests is relevant. Only unreasonable prejudices are unacceptable.<sup>266</sup> With these nuances, the third step offers considerable flexibility for the balancing of competing interests.<sup>267</sup> It offers several checks and balances that can be understood as parts of a refined proportionality test- the legitimacy of the interests invoked by right holders are to be weighed against the reasons justifying the use privilege.<sup>268</sup> In addition, the requirement of “unreasonably prejudice” has always been understood to offer room for the payment of equitable remuneration.<sup>269</sup> Even if a copyright

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264. See MARTIN SENFTLEBEN, *COPYRIGHT, LIMITATIONS AND THE THREE-STEP TEST* 125-33 (2004) [hereinafter *COPYRIGHT, LIMITATIONS AND THE THREE-STEP TEST*] (regarding the particular role of the third test criterion in the framework of the three-step test).

265. See Martin Senftleben, *Towards a Horizontal Standard for Limiting Intellectual Property Rights? - WTO Panel Reports Shed Light on the Three-Step Test in Copyright Law and Related Tests in Patent and Trademark Law*, 37 INT'L REV. INTELL. PROP. & COMPETITION L. 407, 429-35 (2006) [hereinafter *Towards a Horizontal Standard*] (providing a discussion of the legitimacy test in WTO Panel reports).

266. See Section 110(5) Panel Report, *supra* note 174, ¶ 6.299 (pointing out that “a certain amount of prejudice has to be presumed justified as ‘not unreasonable’”).

267. See SENFTLEBEN, *COPYRIGHT, LIMITATIONS AND THE THREE-STEP TEST*, *supra* note 264, at 132-35 (emphasising that copyright’s balance succeeds under the third step).

268. See *id.* at 226-44 (concerning a proportionality-based approach to the three-step test).

269. See WIPO, *supra* note 49, at 1145-46 (introducing the first three-step test of international copyright law in article 9(2) of the Berne Convention at 1967 Stockholm Conference – this feature of the test was explicitly recognized. Using the example of private copying, the report on the work of Main Committee I describes this compensation mechanism as follows: “A practical example might be photocopying for various purposes. If it consists of producing a very large number of copies, it may not be permitted, as it conflicts with a normal exploitation of the work. If it implies a rather large number of copies for use in industrial

limitation causes an unreasonable prejudice, it may still pass the three-step test.<sup>270</sup> If the payment of equitable remuneration reduces the corrosive effect of the limitation to a permissible, reasonable level, the three-step test does not militate against the adoption of the limitation at the national level.<sup>271</sup>

In a WTO panel decision dealing with the international three-step test laid down in Article 13 TRIPS, the panel stated that “one – albeit arguably incomplete – way of looking at legitimate interests” was an analysis based on “the economic value of the exclusive rights conferred by copyright on their holders.”<sup>272</sup> Because of this focus on economic value, the flexibility inherent in the third step did not come to the fore clearly.<sup>273</sup> However, a prior WTO panel report dealing

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undertakings, it may not unreasonably prejudice the legitimate interests of the author, provided that, according to national legislation, an equitable remuneration is paid.”).

270. Cf. *The Three-Step Test Revisited*, *supra* note 163, at 595-97.

271. See *SENFLEBEN, COPYRIGHT, LIMITATIONS AND THE THREE-STEP TEST*, *supra* note 264, at 130-32 (discussing the particular role of the third test criterion in the framework of the three-step test).

272. Section 110(5) Panel Report, *supra* note 174, para. 6.227; WIPO, *supra* note 49, at 81 (regarding the drafting history); see David J. Brennan, *The Three-Step Test Frenzy: Why the TRIPs Panel Decision Might Be Considered Per Incuriam*, 2 INTELL. PROP. Q. 212, 215-16 (2002); Mihaly Fiscor, *How Much of What? The Three-Step Test and Its Application in Two Recent WTO Dispute Settlement Cases*, 192 REVUE INTERNATIONALE DU DROIT D’AUTEUR 111, 113-17 (2002); Jane C. Ginsburg, *Toward Supranational Copyright Law? The WTO Panel Decision and the “Three-Step Test” for Copyright Exceptions*, 187 REVUE INTERNATIONALE DU DROIT D’AUTEUR 3, 11-13 (2001); Jo Oliver, *Copyright in the WTO: The Panel Decision on the Three-Step Test*, 25 COLUM. J.L. & ARTS 119, 165-66 (2002); *Towards a Horizontal Standard*, *supra* note 265, at 407 (discussing this WTO Dispute Settlement case concerning Section 110(5) of the US Copyright Act); cf. Daniel Gervais, *Fair Use, Fair Dealing, Fair Principles: Efforts to Conceptualize Exceptions and Limitations to Copyright*, 57 J. COPYRIGHT SOC’Y U.S.A. 499, 508-13 (2010); Annette Kur, *Of Oceans, Islands, and Inland Water – How Much Room for Exceptions and Limitations Under the Three-Step Test?*, 8 RICH. J. GLOBAL L. & BUS. 287, 307-08 (2009); SAM RICKETSON & JANE C. GINSBURG, *INTERNATIONAL COPYRIGHT AND NEIGHBOURING RIGHTS – THE BERNE CONVENTION AND BEYOND* 759-63 (Oxford University Press, 2nd ed., 2006); *SENFLEBEN, COPYRIGHT, LIMITATIONS AND THE THREE-STEP TEST*, *supra* note 264, at 143, 145, 150, 162, 172-75, 178-81, 183-86, 188-94, 212-19, 225-31.

273. *The Three-Step Test Revisited*, *supra* note 163, at 595-607.



with the patent three-step test in article 30 TRIPS<sup>274</sup> took the view that interests had to be justified in the light of “public policies or other social norms” in order to be “legitimate” in the sense of the three-step test.<sup>275</sup> This latter approach provides a useful starting point for the development of a new line of case law in the EU that paves the way for the identification of new copyright limitations on the basis of the reform proposal made above; following the WTO panel dealing with article 30 TRIPS, the CJEU could ask whether interests asserted by copyright holders are legitimate in the light of “public policies or other social norms” – policies and norms that include competing interests of users, such as freedom of expression and freedom of competition.<sup>276</sup> As a result, the analysis would focus on whether the copyright enforcement claim can be deemed proportionate in the light of social, cultural, or economic concerns that support the adoption of a new copyright limitation.<sup>277</sup>

Once considerations of proportionality are seen as overarching guidelines for the application of the three-step test, the other elements of the test – the requirement of a “certain special case” and the prohibition of a “conflict with a normal exploitation” – can easily

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274. Panel Report, Canada – *Patent Protection of Pharmaceutical Products*, ¶ 4.8, WTO Doc. WT/DS114/R (adopted Mar. 17, 2000) [hereinafter WTO Canada] (Article 30 TRIPS is the three-step test in the patent section of TRIPS which corresponds with Article 13 TRIPS in the copyright section to a large extent. Article 30 TRIPS reads as follows: “Members may provide limited exceptions to the exclusive rights conferred by a patent, provided that such exceptions do not unreasonably conflict with a normal exploitation of the patent and do not unreasonably prejudice the legitimate interests of the patent owner, taking account of the legitimate interests of third parties.”); see *Towards a Horizontal Standard*, *supra* note 265, at 407.

275. Section 110(5) Panel Report, *supra* note 174, ¶ 6.227; cf. WTO Canada, *supra* note 274, ¶ 7.69.

276. WTO Canada, *supra* note 274, ¶ 7.69.

277. Cf. Christophe Geiger, *Exploring the Flexibilities of the TRIPS Agreement's Provisions on Limitations and Exceptions*, in *THE STRUCTURE OF INTELLECTUAL PROPERTY LAW – CAN ONE SIZE FIT ALL?* 287, 289 (Annette Kur & Vytautas Mizaras eds., 2011) (following Christophe Geiger, this normative approach to the three-step test can also be derived from fundamental rights obligations resulting from international law and the EU Charter of Fundamental Rights); Christophe Geiger, *The Social Function of Intellectual Property Rights, Or How Ethics Can Influence the Shape and Use of IP Law*, in *METHODS AND PERSPECTIVES IN INTELLECTUAL PROPERTY* 153, 164 (Graeme B. Dinwoodie ed., 2013).

be placed in this broader framework.<sup>278</sup> When viewed through the prism of proportionality, these tests appear as instruments for sorting out cases of evident disproportionality.<sup>279</sup> In other words, they do not constitute substantial hurdles unless the allegedly infringing use is evidently disproportionate and erodes copyright so clearly that, from the outset, a more detailed analysis in the light of the checks and balances offered by the final test of “no unreasonable prejudice to legitimate interests” seems hopeless and unnecessary.<sup>280</sup>

Under the recalibrated Article 5(5) ISD proposed above, the evident disproportionality test of “certain special case” could be used to clarify whether a new use privilege serves a sound policy objective, such as the limitations laid down in Article 5(1) to (4) ISD.<sup>281</sup> If a clear reason for the recognition of a new use privilege can be given, this should be sufficient to pass the first step.<sup>282</sup> At the level of the final test of “no unreasonable prejudice to legitimate interests,” the policy justification can then be weighed carefully against the legitimate interests of copyright holders.<sup>283</sup> Similarly, the evident disproportionality test of “no conflict with a normal exploitation” should only focus on those sources of revenue which, considering the overall commercialization of a work, constitute the lion’s share of the right holder’s income.<sup>284</sup> If a new use privilege does not deprive the copyright holder of a core element of her exploitation strategy, the existence of a conflict with a normal exploitation should readily be refused.<sup>285</sup>

Even if a new use privilege erodes a major source of income, this need not directly lead to a finding of infringement. Again, the WTO panel report dealing with the patent three-step test in article 30 TRIPS can serve as a source of inspiration in this context.<sup>286</sup> Interestingly, the WTO panel followed a normative, policy-based

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278. *SENFLEBEN, COPYRIGHT, LIMITATIONS AND THE THREE-STEP TEST*, *supra* note 264, at 243-44.

279. *Id.*

280. *Id.* at 130-33, 243-44.

281. *Id.* at 137-52.

282. *Id.* at 152.

283. *Id.* at 131-33.

284. *Id.* at 189-193.

285. *Id.*

286. WTO Canada, *supra* note 274, ¶ 4.37.

approach to the question of a conflict with a normal exploitation.<sup>287</sup> It stated that “exploitation” could be considered “normal” when it was “essential to the achievement of the goals of patent policy.”<sup>288</sup> Following this line of reasoning, the CJEU could ask whether a source of income that would be affected by a new use privilege is “essential to the achievement of the goals of copyright policy.”<sup>289</sup> In assessing this point, the CJEU could arrive at the conclusion that even though a major source of income is eroded, the copyright holder still has sufficient alternative exploitation options at her disposal to safeguard the incentive and remuneration goals of copyright protection.<sup>290</sup> The CJEU could also consider that the introduction of a new use privilege contributes to the achievement of copyright policy to such an extent that the corrosive effect on the copyright holder’s exploitation strategy cannot be deemed decisive. As copyright policy does not only aim to provide an incentive and reward for the creation of works but also seeks to support their dissemination,<sup>291</sup> this scenario may arise in cases where a new use privilege is necessary to ensure the appropriate dissemination of copyrighted content.<sup>292</sup>

Viewing steps one and two of the three-step test as preliminary tests of evident disproportionality and step three as a final, central test for the assessment of proportionality, it also becomes clear that

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287. *Id.* ¶ 7.57-7.58.

288. *Id.* ¶ 7.58.

289. *Id.*

290. See Martin Senftleben, *Copyright, Creators and Society’s Need for Autonomous Art – The Blessing and Curse of Monetary Incentives*, in *WHAT IF WE COULD REIMAGINE COPYRIGHT?* 25, 28-32 (Rebecca Giblin & Kimberlee Weatherall eds., 2017) [hereinafter *Need for Autonomous Art*] (discussing the different rationales of copyright protection).

291. See Calandrillo, *supra* note 21, at 310; Lloyd L. Weinreb, *Copyright for Functional Expression*, 111 HARV. L. REV. 1149, 1232 (1998) (providing an early discussion of the following dualism that is inherent in copyright policy; for instance, the US Constitution is understood to enshrine the possible grant of monopoly rights to authors not only to enrich the common store of information, but it is also an integral part of the overarching objective to foster the welfare of the public); see also NEIL WEINSTOCK NETANEL, *COPYRIGHT’S PARADOX* 5 (2008) [hereinafter *COPYRIGHT’S PARADOX*]; Guy Pessach, *Copyright Law as a Silencing Restriction on Noninfringing Materials: Unveiling the Scope of Copyright’s Diversity Externalities*, 76 S. CAL. L. REV. 1067, 1077 (2003) (discussing the more recent statements concerning this dualism).

292. *COPYRIGHT’S PARADOX*, *supra* note 291, at 6.

the test procedure following from the three-step test constitutes an indivisible whole: the three-step test constitutes an indivisible entirety of considerations concerning the proportionality of a copyright limitation.<sup>293</sup> As pointed out in the Declaration on a Balanced Interpretation of the Three-Step Test,<sup>294</sup> the three steps are to be considered together – as parts of a multilayered proportionality analysis – and as an indivisible whole in a comprehensive overall assessment.<sup>295</sup>

CJEU jurisprudence does not preclude a new, fresh approach to the three-step test that is based on considerations of proportionality even though the indications given in the decision *Infopaq/DDF*<sup>296</sup> point towards the adoption of the traditional continental-European dogma that copyright exceptions must be interpreted restrictively. In *Infopaq/DDF*, the CJEU scrutinized unauthorized use of short text fragments by a media monitoring service in the light of the mandatory exemption of transient copies in Article 5(1) ISD.<sup>297</sup> The Court pointed out that for the interpretation of each of the cumulative conditions of the precisely-defined copyright limitation, it should be borne in mind that,

according to settled case-law, the provisions of a directive which derogate from a general principle established by that directive must be interpreted strictly [ . . . ]. This holds true for the exemption provided for in Article 5(1) of Directive 2001/29, which is a derogation from the general principle established by that directive, namely the requirement of authorization from the rightholder for any reproduction of a protected work.<sup>298</sup>

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293. Cf. *The Three-Step Test Revisited*, *supra* note 163, at 585.

294. See Christophe Geiger, Jonathan Griffiths & Reto M. Hilty, *Declaration on a Balanced Interpretation of the “Three-Step Test” in Copyright Law*, 39 INT’L REV. INTELL. PROP. & COMPETITION L. 707, 711-12 (2008) [hereinafter *Declaration*]; Christophe Geiger, Jonathan Griffiths & Reto M. Hilty, *Towards a Balanced Interpretation of the “Three-Step Test” in Copyright Law*, 30 EUR. INTELL. PROP. REV. 489, 493-94 (2008) [hereinafter *Towards a Balanced Interpretation*].

295. *The Three-Step Test Revisited*, *supra* note 163, at 585.

296. Case C-5/08, *Infopaq Int’l A/S v. Danske Dagblades Forening*, 2009 E.C.R. ¶ 56-58 (Feb. 12, 2009).

297. Directive 2001/29/EC, *supra* note 10, at 12-13.

298. Case C-05/08, ¶ 56-57.

According to the Court,

[t]his is all the more so given that the exemption must be interpreted in the light of Article 5(5) of Directive 2001/29, under which that exemption is to be applied only in certain special cases which do not conflict with a normal exploitation of the work or other subject-matter and do not unreasonably prejudice the legitimate interests of the rightholder.<sup>299</sup>

The CJEU thus established the rule that copyright limitations had to be construed narrowly.<sup>300</sup> In *Football Association Premier League*,<sup>301</sup> however, this decision did not hinder the Court from emphasizing with regard to the same exemption – transient copying in the sense of Article 5(1) ISD – the need to guarantee the proper functioning of the limitation and ensure an interpretation that takes due account of the exception's objective and purpose. The Court explained that, in spite of the required strict interpretation, the effectiveness of the limitation had to be safeguarded.<sup>302</sup> On the basis of these considerations, the Court concluded that the transient copying at issue in *Football Association Premier League*, performed within the memory of a satellite decoder and on a television screen, was compatible with the three-step test in the current Article 5(5) ISD.<sup>303</sup>

Given these mixed signals in respect of the application of the three-step test, it is of particular interest that in *Painer/Der Standard*, the Court confirmed the line of argument underlying the decision in *Football Association Premier League* with regard to the right of quotation laid down in Article 5(3)(d) ISD. The Court underlined the need for an interpretation of the conditions set forth in Article 5(3)(d) that enables the effectiveness of the quotation right and safeguards its purpose.<sup>304</sup> More specifically, it clarified that Article 5(3)(d) was “intended to strike a fair balance between the right of freedom of expression of users of a work or other protected subject-matter and

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299. *Id.* ¶ 58.

300. *Id.* ¶ 56-58.

301. Case C-403/08, *Football Ass'n Premier League, Ltd. v. QC Leisure*, 2011 E.C.R. I-9121, ¶ 88 (Feb. 3, 2011).

302. *Id.* ¶ 162-63.

303. *Id.* ¶ 181.

304. Case C-145/10, *Painer v. Standard VerlagsGmbH*, 2011 E.C.R. ¶ 132-33 (Apr. 12, 2011).

the reproduction right conferred on authors.”<sup>305</sup>

In its further decision in *Deckmyn/Vandersteen*,<sup>306</sup> the CJEU followed the same path with regard to the parody exemption in Article 5(3)(k) ISD. As in *Painer/Der Standard*, the Court bypassed the dogma of a strict interpretation of copyright limitations by underlining the need to ensure the effectiveness of the parody exemption as a means to balance copyright protection against freedom of expression.<sup>307</sup>

In practice, the CJEU may thus give copyright limitations that support transformative use a status that comes close to an independent user right – even though the underlying copyright statute, the ISD in the EU, does not qualify these limitations as rights but includes them in the catalogue of exceptions to exclusive rights instead.<sup>308</sup> As the examples taken from CJEU jurisprudence demonstrate, the fundamental guarantee of freedom of expression plays a crucial role in this context.<sup>309</sup> Relying on article 11 of the EU Charter of Fundamental Rights and article 10 of the European Convention on Human Rights, the CJEU could interpret the quotation right and the parody exemption less strictly than limitations without a comparably strong freedom of speech underpinning. In both the *Painer* and the *Deckmyn* decision, the Court emphasized the need to achieve a “fair balance” between, in particular, “the rights and interests of authors on the one hand, and the rights of users of protected subject-matter on the other.”<sup>310</sup> The Court thus referred to quotations and parodies as user “rights” rather

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305. *Id.* ¶ 134.

306. Case C-201/13, *Deckmyn v. Vandersteen*, 2014 E.C.R. ¶ 22-23 (May 22, 2014).

307. *Id.* ¶ 22-23, 25-27.

308. See *Need for Autonomous Art*, *supra* note 290, at 46-47 (regarding this development in EU copyright law).

309. Cf. Benkler, *supra* note 41, at 357-58; *Flexible Copyright*, *supra* note 3, at 276; Geiger, “Constitutionalising” *Intellectual Property Law?*, *supra* note 41, at 371; Christophe Geiger & Elena Izyumenko, *The Role of Human Rights in Copyright Enforcement Online: Elaborating a Legal Framework for Website Blocking*, 32 AM. U. INT’L L. REV. 43, 46 (2016); Macciachini, *supra* note 41; Netanel, *Copyright and a Democratic Civil Society*, *supra* note 41, at 285-87; COPYRIGHT’S PARADOX, *supra* note 291, at 5-6; STROWEL ET AL., *supra* note 41; *Copyright and Freedom of Expression*, *supra* note 41, at 240-41.

310. Case C-145/10, ¶ 132; Case C-201/13, ¶ 26.

than mere user “interests”.<sup>311</sup>

This status quo gives hope that, after the proposed legislative reform, the CJEU would develop an approach to the recalibrated three-step test that, as a result of a proportionality-based analysis of the different tests, leads to appropriate results in the light of fundamental rights and freedoms; in particular freedom of expression and freedom of competition.<sup>312</sup> In consequence, the incorporation of the proposed, recalibrated three-step test in Article 5(5) ISD could lead to a level of flexibility that is comparable with the effects of the application of the fair use doctrine in the U.S.<sup>313</sup>

## VI. CONCLUSION

The analysis shows that concerns about overstrained civil law judges are unfounded. A flexible regulation of copyright limitations in the EU is unlikely to fail because of an inability or reluctance of civil law courts to deal with open-ended, flexible norms. The long-standing, open-ended norms in the general private law of civil law jurisdictions and the application of the flexible due cause defense in current EU trademark law clearly show that civil law judges have no difficulty in applying open-ended norms in an appropriate way and clarifying the scope and reach of open provisions by developing a consistent line of case law that makes the outcome of future cases

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311. Case C-145/10, ¶ 132; Case C-201/13, ¶ 26.

312. Cf. Geiger, “Constitutionalising” *Intellectual Property Law?*, *supra* note 41, at 371; Christophe Geiger, *Copyright’s Fundamental Rights Dimension at EU Level*, in RESEARCH HANDBOOK ON THE FUTURE OF EU COPYRIGHT 27, 29-31 (Estelle Derclaye ed., 2009); Christophe Geiger, *Fundamental Rights as Common Principles of European (and International) Intellectual Property Law*, in COMMON PRINCIPLES OF EUROPEAN INTELLECTUAL PROPERTY LAW 223 (Ansgar Ohly ed., 2012); Christophe Geiger, ‘Humanising’ the Intellectual Property System – *Securing a Fair Balance of Interests Through Fundamental Rights at European and International Level*, 33 Q. REV. CORP. L. & SOC’Y 291 (2012) (Japan); Geiger & Izyumenko, *supra* note 309, at 46-47.

313. See *Bridging the Differences Between Copyright’s Legal Traditions*, *supra* note 3, at 527 (providing a more detailed analysis of this point); see also Thomas Dreier, *Balancing Proprietary and Public Domain Interests: Inside or Outside of Proprietary Rights?*, in EXPANDING THE BOUNDARIES OF INTELLECTUAL PROPERTY 297, 298 (Rochelle Cooper Dreyfuss et al. eds., 2001) (discussing the desirability of including freedom of expression and freedom of competition interests in the copyright system of exception and limitations).

foreseeable. As their colleagues in common law countries, civil law judges develop assessment factors that serve as guidelines for the application of open norms.

Against this background, the current EU system could be approximated to the U.S. system by taking advantage of the flexibility inherent in the three-step test that has already become a cornerstone of EU legislation in the field of copyright limitations. As in international copyright law, the three-step test would have to be perceived and used as a flexible balancing tool, employed to broaden existing limitations and introduce new use privileges. To achieve this redefinition of the three-step test, EU fair use legislation could use the current catalogue of exceptions in Article 5 ISD as examples of “certain special cases” in the sense of the three-step test.<sup>314</sup> On this basis, governments should entrust the courts with the task of identifying further cases of permissible unauthorized use in the light of the test’s abstract criteria of “no conflict with a normal exploitation” and “no unreasonable prejudice to legitimate interests.” As a result, judges would no longer apply the three-step test as an additional control mechanism and straitjacket of precisely defined exceptions. The three-step test would no longer erode the legal certainty following from the precise definition of use privileges. Serving instead as an opening clause that supplements the EU catalogue of specific exceptions, the three-step test would provide the flexibility necessary to benefit from the rapid development of the Internet while safeguarding freedom of expression and freedom of competition.

An EU fair use doctrine based on the three-step test would not only remedy the shortcomings of the current EU system. It may also have a beneficial effect on the further harmonization of copyright limitations at the international level. The proposed EU fair use doctrine would reflect a balanced approach to the three-step test. At the international level, the open-ended criteria of the three-step test have always been intended to provide a flexible framework, within which national legislators enjoy the freedom of safeguarding national limitations and satisfying domestic social, cultural, and economic

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314. Directive 2001/29/EC, *supra* note 10, at 16-17.



needs.<sup>315</sup> Not only the restriction of excessive copyright limitations but also the broadening of important use privileges and the introduction of appropriate new exemptions fall within the test's field of application. A reinforcement of this balanced understanding of the test through new EU legislation would be conducive to the international debate on copyright limitations. It challenges the false rhetoric of a three-step test that is primarily designed to restrict all kinds of copyright limitations.<sup>316</sup>

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315. See WIPO, *supra* note 49, at 112-13.

316. See *The Three-Step Test Revisited*, *supra* note 163, at 612-15 (providing a detailed discussion of this problem); Senftleben, *Fair Use in the Netherlands*, *supra* note 58, at 2.