

UK AND EUROPEAN MEDIA UPDATE
IMPLEMENTATION OF THE INFORMATION SOCIETY DIRECTIVE IN THE UNITED
KINGDOM — AND BEYOND

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Introduction

[317] The Information Society Directive² was implemented by the United Kingdom on 31 October 2003. In this update, the main features of the implementing legislation, the Copyright and Related Rights Regulations 2003,³ are described and some of the problems created by this legislation are indicated. The update concludes with an outline of the latest European Commission Staff Working Paper, which reviews certain inconsistencies in the European law of copyright and related rights and makes modest proposals for future reform. In order to set both the United Kingdom's Regulations and the Working Paper in context, it seems advisable first to refresh readers' memory of the most important provisions of the Information Society Directive itself.

Information Society Directive

The Information Society Directive (the Directive) has, to date, been the most significant step in the harmonisation of copyright and related rights in the European Union. Previous legislation in this sphere had tended to resolve differences of approach between Member States on specific, self-contained issues.⁴ [318] The Directive has broader ambitions and seeks to resolve a number of 'horizontal' issues. In doing so, its express aims were to ensure that European copyright and related rights laws are fit for the 'Information Society' and to allow Member States of the EU to implement the WIPO Treaties in a harmonised manner.⁵

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² *Directive on the Harmonisation of Certain Aspects of Copyright and Related Rights in the Information Society*, 2001/29/EC (22 May 2001).

³ SI 2003/2498.

⁴ *Directive on the Legal Protection of Computer Programs*, 91/250; *Directive on Rental Right and Lending Right and on Certain Rights Related to Copyright*, 92/100; *Directive on the Coordination of Certain Rules Concerning Copyright and Rights Related to Copyright Applicable to Satellite Broadcasting and Cable Retransmission*, 93/83; *Directive Harmonising the Term of Protection of Copyright and Certain Related Rights*, 93/98; *Directive on the Legal Protection of Databases*, 96/9; *Directive on the Legal Protection of Services Based on, or Consisting of, Conditional Access*, 98/84.

⁵ WIPO Copyright Treaty 1996; WIPO Performances and Phonograms Treaty 1996.

The most significant obligations placed upon Member States by the Directive are the requirements to:

- Provide authors, performers, phonogram producers, film producers and broadcasters with exclusive rights over the reproduction, communication to the public and distribution of their works;
- Introduce a mandatory exception for certain temporary acts of reproduction;
- Repeal any exceptions or limitations not contained within an exhaustive, but optional, list of exceptions and limitations;
- Provide protection against the circumvention of 'technological measures' and the removal of rights management information.

In the United Kingdom context, the Directive's exclusive rights of reproduction and distribution are relatively uncontroversial.⁶ Of more interest is the obligation to provide authors with an exclusive right to authorise communication of a work to the public.⁷ This is the right required under art 8 of the WIPO Copyright Treaty and is designed to ensure that owners of copyright and related rights have control of the use of their works in 'on-demand services'.

The provisions of the Directive dealing with exceptions and limitations have been extremely controversial. In addition to the mandatory exception contained in art 5(1), Member States are permitted to choose from an exhaustive list of 20 exceptions set

⁶ Although in other Member States, the reproduction right did not necessarily protect against transient copying of a work.

⁷ Article 3 states:

- (1) Member States shall provide authors with the exclusive right to authorise or prohibit any communication to the public of their works, by wire or wireless means, including the making available to the public of their works in such a way that members of the public may access them from a place and at a time individually chosen by them.
- (2) Member States shall provide for the exclusive right to authorise or prohibit the making available to the public, by wire or wireless means, in such a way that members of the public may access them from a place and at a time individually chosen by them:
 - (a) for performers, of fixations of their performances;
 - (b) for phonogram producers, of their phonograms;
 - (c) for the producers of the first fixations of films, of the original and copies of their films;
 - (d) for broadcasting organisations, of fixations of their broadcasts, whether these broadcasts are transmitted by wire or over the air, including by cable or satellite...

out in the Directive.⁸ During the legislative process, this list became progressively longer as representatives of Member States sought to ensure that their own diverse cultural and social imperatives were accommodated. Some have argued that the flexibility granted to Member States by this lengthy list of optional exceptions and limitations detracts from the Directive's avowed aim of harmonisation.⁹ It is, however, important to remember that the list of exceptions is exhaustive and that art 5(5) places further restriction upon [319] the ability of individual states to fashion exceptions or limitations in domestic law by providing that any exception implemented by a Member State must satisfy the Berne Convention's 'three-step' test.¹⁰

The provisions of the Directive concerning technological measures were perhaps even more controversial than those dealing with exceptions and limitations. Under art 6(1), Member States are obliged to provide legal protection against circumvention of 'effective technological measures', in circumstances where the perpetrator knows or has reasonable grounds to know that he or she is pursuing the objective of circumvention. Under art 6(2), Member States must grant legal protection against various forms of commercial dealing in devices or services that are advertised for the purpose of circumvention, have only limited commercially significant purpose other than circumvention or are primarily designed for the purpose of circumventing effective technological measures.

The relationship between these provisions and the exceptions and limitations permitted under art 5 is difficult. There is a clear danger that the application of technological measures may prevent beneficiaries of exceptions and limitations contained in art 5 from gaining effective access to works. The Directive attempts to resolve any potential conflict through art 6(4). This requires Member States to take

⁸ Article 5(2) — exceptions and limitations to the reproduction right; Article 5(3) — exceptions and limitations to both the reproduction right and the right of communication to the public / making available to the public; Article 5(4) — exceptions and limitations to the distribution right.

⁹ See, for example, B Hugenholtz, 'Why the Copyright Directive is Unimportant and Possibly Invalid' [2000] *European Intellectual Property Review* 499; M Hart, 'The Copyright in the Information Society Directive: An Overview' [2002] *European Intellectual Property Review* 63.

¹⁰ Article 5(5) states:

The exceptions and limitations provided for in paras 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.

appropriate measures to ensure that right-holders make available to beneficiaries of certain of the listed exceptions the means of benefiting from those exceptions or limitations.¹¹

Under art 7, Member states are also obliged to provide legal protection against the removal or alteration of electronic rights-management information and the [320] distribution of works from which electronic rights-management information has been removed without authority.¹²

The Copyright and Related Rights Regulations 2003

The provisions outlined above have been implemented in the United Kingdom by means of the Copyright and Related Rights Regulations 2003 (the Regulations). This legislation came into force on the 31st October 2003 and makes a series of complex changes to United Kingdom copyright law. The most significant of these changes are described below.

The Copyright Designs and Patents Act 1988 (CDPA 1988) already provided extensive exclusive rights of reproduction and distribution and therefore the provisions concerning those rights are unchanged. However, the introduction of a right of communication to the public has required significant change to the structure

¹¹ Notwithstanding the legal protection provided for in para 1, in the absence of voluntary measures taken by rightholders, including agreements between rightholders and other parties concerned. Member States shall take appropriate measures to ensure that rightholders make available to the beneficiary of an exception or limitation provided for in national law in accordance with arts 5(2)(a), (2)(c), (2)(d), 2(e), 3(a), (3)(b) or (3)(e) the means of benefiting from that exception or limitation, to the extent necessary to benefit from that exception or limitation and where that beneficiary has legal access to the protected work or subject-matter concerned.

A Member State may also take such measures in respect of a beneficiary of an exception or limitation provided for in accordance with art 5(2)(b), unless reproduction for private use has already been made possible by rightholders to the extent necessary to benefit from the exception or limitation concerned and in accordance with the provisions of art 5(2)(b) and (5), without preventing rightholders from adopting adequate measures regarding the number of reproductions in accordance with these provisions.

The technological measures applied voluntarily by rightholders, including those applied in implementation of voluntary agreements, and technological measures applied in implementation of the measures taken by Member States, shall enjoy the legal protection provided for in para (1).

The provisions of the first and second subparagraphs shall not apply to works or other subject-matter made available to the public on agreed contractual terms in such a way that members of the public may access them from a place and at a time individually chosen by them.

¹² In order for liability to arise, a perpetrator must know or have reasonable grounds to know that he or she is inducing, enabling, facilitating or concealing an infringement of copyright, related rights or database right.

of the Act. In place of exclusive rights to control the broadcasting and cabling of a work, a new and rationalised s 20 has been introduced:

- (1) [T]he communication to the public of the work is an act restricted by the copyright in—
 - (a) a literary, dramatic, musical or artistic work,
 - (b) a sound recording or film, or
 - (c) a broadcast.
- (2) References in this Part to communication to the public are to communication to the public by electronic transmission, and in relation to a work include—
 - (a) the broadcasting of the work;
 - (b) the making available to the public of the work by electronic transmission in such a way that members of the public may access it from a place and at a time individually chosen by them.

Thus, the law now makes it clear that making a work available on, for example, a website without consent will infringe copyright in that work.¹³ In implementing art 3, the United Kingdom has not provided holders of ‘related rights’ in sound recording, films or broadcasts with a lesser right of ‘making available to the public’ but has granted all protected authors the right of ‘communication to the public’. Under s 182CA, performers are granted an entirely new exclusive right to control on-demand broadcasting of commercially published sound recordings. The use of performances in orthodox forms of broadcasting remains subject to a right to remuneration rather than to a full exclusive right.¹⁴

As has been seen, the new right of communication to the public subsumes and rationalises the pre-existing rights to object to the broadcasting or cabling of a work.¹⁵ As technologies have converged, the distinction between broadcasts and cable programme services enshrined in the 1988 Act had come to seem an awkward

¹³ Even prior to amendment, such activities quite possibly constituted an infringement of copyright under s 20, see: *Shetland Times v Jonathan Wills* [1997] FSR 604.

¹⁴ CDPA 1988, ss 182D.

¹⁵ Prior to amendment, s 20 of the CDPA 1988 stated:

The broadcasting of the work or its inclusion in a cable programme service is an act restricted by the copyright in —

- (a) a literary, dramatic, musical or artistic work,
- (b) a sound recording or film, or
- (c) a broadcast or cable programme.

anachronism. In the Regulations, the United Kingdom's legislators have taken the opportunity not only to rationalise the restricted act under s 20, but also to remove the pre-amendment CDPA 1988's distinction between 'broadcasts' and 'cable programmes' as forms of protected work. The Regulations repeal the protection of 'cable programmes' as a category of work under s 7¹⁶ and introduce [321] a technologically neutral definition of 'broadcast', encompassing wireless and cable broadcasts and some broadcast-like webcasts, as a re-drafted s 6:

... [A] 'broadcast means an electronic transmission of visual images, sounds or other information which —

- (a) is transmitted for simultaneous reception by members of the public and is capable of being lawfully received by them, or
- (b) is transmitted at a time determined solely by the person making the transmission for presentation to members of the public...¹⁷

The provision goes on to make clear that most forms of website will not be regarded as 'broadcasts' protected by copyright law:

... Excepted from the definition of 'broadcast' is any internet transmission unless it is—

- (a) a transmission taking place simultaneously on the internet and by other means,
- (b) a concurrent transmission of a live event, or
- (c) a transmission of recorded moving images or sounds forming part of a programme service offered by the person responsible for the making the transmission, being a service in which programmes are transmitted at scheduled times determined by that person.¹⁸

Under this definition, the only protected webcasts would appear to be those that are similar to traditional or on-demand broadcasts. It was, presumably considered that most websites are in any event protected adequately by the copyright subsisting in

¹⁶ Copyright and Related Rights Regulations 2003, reg 5(1).

¹⁷ CDPA 1988, s 6(1).

¹⁸ CDPA 1988, s 6(1A).

individual elements, such as images, film and text, within the sites.¹⁹ However, it is interesting to note that websites transmitting live feeds from web-cameras could well be regarded as protected broadcasts within the amended s 6.

Article 5 has also required a number of changes to United Kingdom copyright law. Certain exceptions and limitations within the pre-amended CDPA 1988 either (i) extended more widely than the approved list in arts 5(1) to (4) or (ii) breached the Berne Convention's 'three-step test'.²⁰ There is insufficient space within the compass of this review to explore these complex amendments in further detail. However, it is worth pausing to consider certain changes that the Regulations have made to the United Kingdom's 'fair dealing' defences. Prior to implementation of the Directive, s 29 of the CDPA 1988 permitted fair dealing with certain forms of protected work for the purposes of research or private study. Article 5 however required amendment of this provision to ensure that, in the case of research, it only applies in a non-commercial context and where accompanied by a sufficient acknowledgement. As a result of this amendment, the relevant parts of s 29 now reads as follows:

- (1) Fair dealing with a literary, dramatic, musical or artistic work for the purposes of research for a non-commercial purpose does not infringe any copyright in the work provided that it is accompanied by a sufficient acknowledgement. [322]
- (1B) No acknowledgement is required in connection with fair dealing for the purposes mentioned in subsection (1) where this would be impossible for reasons of practicality or otherwise.
- (1C) Fair dealing with a literary, dramatic, musical or artistic work for the purposes of private study does not infringe any copyright in the work...

This change creates considerable uncertainty. When will research be conducted for a commercial purpose? Copies made within the research department of a pharmaceutical company are highly unlikely to fall within the exception. However, how will copies made by researchers within a university be treated? Is a publicly-

¹⁹ Interestingly, it would appear that this provision repeals protection that may have been available for such works as 'cable programmes'. See *Shetland Times v Jonathan Wills* [1997] FSR 604; *Sony Music Entertainment (UK) Ltd v Easyinternetcafé Ltd* [2003] FSR 48.

²⁰ See, for example, the amendments made to CDPA 1988, s 67 and ss 70–72.

funded university automatically to be regarded as non-commercial or does, for example, the fact that a particular project has been funded by a commercial sponsor render it 'commercial' for the purposes of the provision? What if research turns out to have unexpected commercial applications? Litigation can certainly be expected on this issue.

The Regulations have also made a further significant change to the United Kingdom's fair dealing defences. Prior to amendment, s 30(1) of the CDPA 1988 permitted fair dealing with a work 'for the purpose of criticism or review, of that or another work or of a performance of a work', where accompanied by a sufficient acknowledgement. However, the provision of the Directive corresponding to this defence is narrowly drawn, permitting such use of a work only where a work has been 'lawfully made available to the public'.²¹ Section 30(1) has thus had to be redrafted in more restricted terms.²² Even before amendment, the case law on fair dealing in the United Kingdom demonstrated that dealings with unpublished works would rarely be regarded as fair.²³ However, this was only a very significant factor to be taken into account in assessing fairness and not an absolute rule. The Regulation's introduction of an apparently inflexible prohibition on the use of unpublished works in the course of criticism or review is problematic and seems destined to test the ingenuity of courts. The difficulties can be demonstrated by considering the impact of the restriction on the facts of a case such as *Hubbard v Vosper*,²⁴ in which the Court of Appeal held that the use of certain texts advocating acts of extreme violence constituted fair dealing, even though those texts had only been released within a limited circle. Confronted with similar facts today, a court would find it very difficult to hold that such documents had been 'made available to the public', as defined in s 30(1A). However, it seems

²¹ Directive, Art 5(3)(d).

²² CPDA 1988, s 30(1A):

For the purposes of subsection (1) a work has been made available if it has been made available by any means, including

- (a) the issue of copies to the public;
- (b) making the work available by means of an electronic retrieval system;
- (c) the rental or lending of copies of work to the public;
- (d) the performance, exhibition, playing or showing of the work in public;
- (e) the communication to the public of the work.

but in determining generally for the purposes of that subsection whether a work has been made available to the public no account should be taken of any unauthorised act.

²³ See, eg, *Hyde Park Residence Ltd v Yelland* [2001] Ch 143 (CA).

²⁴ [1972] 2 QB 84.

unlikely that a court would be happy to see the action for copyright infringement employed to censor disclosures of this nature. In such circumstances, it may well be forced to rely on the residual common law defence of 'public interest', interpreted to ensure compatibility with art 10 of the *European Convention on Human Rights*.²⁵

Prior to amendment, protection against the circumvention of copy-protection was provided under CDPA 1988, s 296. Implementation of increased anti-circumvention powers under the Directive has required substantial changes to be made to this provision. A new s 296 has been introduced, relating only [323] to circumvention of technical devices applied to computer programs, and ss 296 ZA to 296ZF implement art 6 of the Directive. It was necessary to deal separately with computer programs, because the Software Directive itself makes express provision for anti-circumvention protection and the Directive explicitly leaves intact the *acquis communautaire* represented by previous Directives in the area of copyright and related rights.²⁶

Section 296ZA applies where a person (B) does anything to circumvent effective technological measures knowing, or with reasonable grounds to know, that he is pursuing that objective. Under the provision, the copyright owner, his exclusive licensee and the person issuing to the public copies of or communicating to the public the work in question has the same rights against B as a copyright owner would have against an infringer of copyright. Thus, civil proceedings can be brought against anyone engaged in circumvention with the requisite level of knowledge. There are very limited exceptions to this right.²⁷ The protection against commercial dealings in anti-circumvention technology required under art 6(2) of the Directive is implemented by s 296ZB. Under this section, criminal sanctions are available against those involved in such dealings.

It will be recalled that, under art 6(4), Member States are required to take appropriate measures to ensure that right-holders make available to the beneficiary of certain exceptions and limitations the means of benefiting from those exceptions and limitations. This rather vague instruction is given legislative form in the new s 296ZE,

²⁵ See *Ashdown v Telegraph Group Ltd* [2002] Ch 149.

²⁶ Information Society Directive, Art 1(2).

²⁷ CDPA 1988, s 296ZA(2).

which allows anyone who has been prevented from carrying out a specified permitted act by the application of an effective technological measure to make a complaint to the Secretary of State.²⁸ In response to such a complaint, the Secretary of State may give to the copyright owner or exclusive licensee such directions as appear to be requisite or expedient for the purpose of:

- (a) establishing whether any voluntary measure or agreement relevant to the copyright work the subject of the complaint subsists; or
- (b) (where it is established there is no subsisting voluntary measure or agreement) ensuring that the owner or exclusive licensee of that copyright work makes available to the complainant the means of carrying out the permitted act the subject of the complaint to the extent necessary to so benefit from that permitted act.²⁹

A person receiving such a direction is obliged to give effect to it.³⁰ This obligation is owed to the complainant and, therefore, if the recipient of a direction does not comply with it, the complainant is entitled to bring proceedings for breach of statutory duty. Under the statute, the Secretary of State is not obliged to do anything in response to such a complaint. However, an action for judicial review will be available where a refusal to act is unreasonable. It is far from clear what steps a Secretary of State will in fact take to resolve a complaint under this provision. One obvious option would be to require a copyright owner or exclusive licensee to make an unprotected copy of a work available to the complainant.

[324] In addition to the major developments summarised above, the Regulations make a number of other interesting changes.³¹ In particular, they create additional remedial powers. The new s 97A of the CDPA 1988 gives the High Court³² express power to grant an injunction against a 'service provider', where that service provider has actual knowledge that another person is using its service to infringe copyright. Thus, even

²⁸ The specified permitted acts are those covered by the exceptions and limitations set out in art 6(4) of the Directive. See CDPA 1988, sch 5A.

²⁹ CDPA 1988, s 296ZE(3).

³⁰ CDPA 1988, s 296ZE(5).

³¹ The protection for electronic rights-management information required by art 7 of the Directive is introduced under s 296ZG.

³² In Scotland, the Court of Session.

where a service provider does not infringe copyright itself,³³ an injunction can be granted against it. ‘Service provider’ is defined in accordance with the Electronic Commerce (EC Directive) Regulations 2002³⁴ and the service of a notice in accordance with those Regulations will be a relevant factor in determining whether a defendant has actual knowledge of the use of a service for the purpose of s 97A. In addition to the introduction of this power to bring proceedings against intermediaries, the Regulations grant the right to sue for infringement of copyright to certain non-exclusive licensees. Under the new s 101A, a non-exclusive licensee may bring an action for infringement of copyright if:

- the infringing act was directly connected to a prior licensed act of the licensee;
- the licence is in writing and is signed by or on behalf of the copyright owner; and
- the licence expressly grants the non-exclusive licensee a right of action under s 101A.³⁵

This power means that, where the relevant formalities are in place, the *in personam* rights of a licensee are effectively treated as though they were rights *in rem*.³⁶

Where next?

In drafting the Regulations, the United Kingdom government was not required to confront fundamental issues of copyright policy. These had largely been resolved within the European legislative process. However, some significant choices were made in implementation. The extent of change required by the Directive could have justified repeal of the already complex and confusing CDPA 1988 and the introduction of a new and more rationally arranged statute on copyright and related rights. However, this option was not taken and, as a result, the CDPA 1988 is now even more complex and confusing. The decision to legislate in this way, employing the powers available under the European Communities Act 1972, limits scope for legislative manoeuvre and is entirely typical of the United Kingdom’s response to the Directives in the field of copyright and related rights. Changes to the CDPA 1988 have generally only made where absolutely necessary to implement European

³³ For example, because its activities fall within the permitted act implementing Art 5(1) of the Directive (CDPA 1988, s 28A).

³⁴ SI 2002/2013.

³⁵ Exclusive licensees already have such powers under CDPA s 101.

³⁶ Although, the licensee is only entitled to the benefit of this provision in any action against the licensor.

obligations. Thus, for example, arguments that the Berne three-step test should have been incorporated into the United Kingdom's legislation in its own right or that art 5's definition of the permitted exceptions and limitations should have been imported verbatim have gone unheeded. This approach results, largely, from an unwillingness to devote legislative time to the introduction of new primary legislation on copyright. However, it is not entirely unprincipled and can be justified on the basis that the CDPA 1988 is a democratically approved compromise between differing interests and has developed organically from earlier copyright legislation. Reluctance to overturn this body of law in response to dubiously democratic, European legislation is understandable.

Indeed, it is particularly understandable that new primary legislation has not been introduced because the Directive itself creates a body of copyright law that is far from complete. As noted above, it leaves existing Community provisions in the field of copyright and related rights intact and, as a result, gives rise to numerous inconsistencies. For example, we have seen that, while strong anti-circumvention [325] powers have been introduced to protect most forms of copyright work, separate, less extensive powers apply to software. This distinction is hard to justify and is likely to prove impossible to sustain in the digital environment. Most commercially distributed, copyright-protected products in electronic form will inevitably contain a combination of software and other works. Inevitably, therefore, the higher level of protection is likely to apply in the case of such products. This is one of the most obvious inconsistencies arising as a result of the Directive, but there are many others. For example, the mandatory exception from liability under art 5(1) of the Directive does not apply to software or to databases. A number of the exceptions and limitations deriving from the Software Directive cannot be over-ridden by contractual provisions.³⁷ However, limitations and exceptions under the Directive are expressed to be without prejudice to the law of contract in a Member State.³⁸

³⁷ See, for example, CDPA 1988, ss 50B, 50BA.

³⁸ Art 9.

The difficulties presented by this incomplete harmonisation have recently been recognised by the European Commission. In a recent Staff Working Paper,³⁹ it considers whether action is required in respect of inconsistencies in the definition of important concepts and in respect of the rules on exceptions and limitations. Dramatic change is not envisaged. However, a number of minor harmonisations are recommended and presented for discussion. It is, for example, suggested that:

- the definition of the right of reproduction should be harmonised⁴⁰
- the definition of the right of communication to the public should be clarified with respect to computer programs
- the extension for temporary copies contained in Art 5(1) should be extended to cover databases and software.
- the exception covering certain uses of works by disabled persons should also apply to databases.

In addition to these important steps towards a consistent body of European copyright law, the Working Paper also makes tentative recommendations as to further harmonisation initiatives. In particular, it is argued that Member States' laws on both the method of calculating the copyright term of co-written musical works and the method of establishing the 'point of attachment' for producers of phonograms and broadcasters should be harmonised.

There are of course a number of areas of copyright law that remain unharmonised at a European level. The Working Paper indicates that the Commission is not yet ready to grapple with these. It concludes that there is not, as yet, any need for further harmonisation of the definitions of 'originality' or 'public'. Furthermore, the Commission does not propose activity in the field of moral rights or on the rules concerning exhaustion of rights.⁴¹ It will perhaps take some time for the European harmonisation project in the area of copyright and related rights to regain the confidence and energy dissipated in the gruelling disputes over the Directive.

³⁹ Commission Staff Working Paper on the review of the EC legal framework in the field of copyright and related rights, SEC (2004) 995.

⁴⁰ The definitions employed in the Software and Database Directive differ from those employed in the Directive.

⁴¹ The Working Paper refers divergences in the initial attribution of rights between Member States for further study: at 14.