S

# COPYRIGHT ENFORCEMENT AND THE INTERNET

Edited by Irini A. Stamatoudi

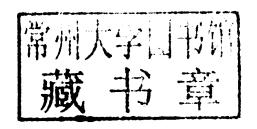


## KIUWER LAW INTERNATIONAL

# Copyright Enforcement and the Internet

Edited by

Irini A. Stamatoudi





Published by:
Kluwer Law International
PO Box 316
2400 AH Alphen aan den Rijn
The Netherlands
Website: www.kluwerlaw.com

Sold and distributed in North, Central and South America by:
Aspen Publishers, Inc.
7201 McKinney Circle
Frederick, MD 21704
United States of America
Email: customer.service@aspenpublishers.com

Sold and distributed in all other countries by:
Turpin Distribution Services Ltd.
Stratton Business Park
Pegasus Drive, Biggleswade
Bedfordshire SG18 8TQ
United Kingdom
Email: kluwerlaw@turpin-distribution.com

Printed on acid-free paper.

ISBN 978-90-411-3346-5

© 2010 Kluwer Law International BV, The Netherlands

All rights reserved. No part of this publication may be reproduced, stored in a retrieval system, or transmitted in any form or by any means, electronic, mechanical, photocopying, recording, or otherwise, without written permission from the publisher.

Permission to use this content must be obtained from the copyright owner. Please apply to: Permissions Department, Wolters Kluwer Legal, 76 Ninth Avenue, 7th Floor, New York, NY 10011-5201, USA. Email: permissions@kluwerlaw.com

Printed in Great Britain.

### **Preface**

Sustainability and economic growth, particularly in a period of international economic crisis, seem to be closely linked to the advancement and protection of technology and knowledge. Intellectual property constitutes par excellence the means for the protection of the fruits of the mind. Such protection, of course, is nothing but an empty shell if it is not enforced or if it is not properly enforced. The enforcement of intellectual property rights is high on the agenda of the European Union<sup>1</sup> and the international agenda alike.<sup>2</sup> Perhaps the most interesting aspect of it is copyright enforcement on the Internet, in the sense that it tries to supersede the limitations of law in order to respond effectively to the challenges of new technologies and the Internet. On top of it, copyright protection has always been a controversial issue with regard to its subject matter, scope and methods of enforcement. Copyright's immaterial nature has not helped it to be easily conceived in the minds of people as a form of property.

A multitude of issues arises in respect of copyright enforcement on the Internet: the collection of evidence on copyright infringement; private international law issues, Internet Service Providers' liability; the conflict of rights and interests, such as the conflict (and balancing) between copyright, data protection and privacy, and issues relating to the EU Enforcement Directive so on. Social policy and behaviour questions emerge, such as: should we enforce copyright on the Internet? To what extent or to what social (or human rights') cost? Who is infringing, he who uploads, he who downloads or he who provides his services for electronic communications? How do we balance the need for enforcement with the offering of data and works on the Internet, at a

<sup>1.</sup> Both in the internal market and in the EU's external trade.

By the term 'international agenda' I refer to international initiatives led by developed countries with vital interests in the area.

low cost and in an efficient manner? In this regard, there are a number of European Union and international policies, national thoughts and solutions, technical measures, soft law and hard law models that have been proposed, and fears that have been raised. This book will try to explore a good deal of them.

The bulk of legislative activity (including soft law) in the area of enforcement during recent years at European Union and international level clearly demonstrates the extent to which this issue has been brought to the forefront of attention. Enforcement represents an important issue in a changing world of attitudes. Will we stand still or will we move forward? And if we move forward, in which direction will that be? The following legislative activity and initiatives offer some answers to these questions:

#### At European Union level:

- Directive 2004/48/EC of the European Parliament and of the Council of 29 April 2004 on the enforcement of intellectual property rights (OJ L 157/45 of 30.4.2004, as corrected and republished in OJ L 195/16 of 2.6.2004);
- the relevant provisions of Directive 2000/31/EC of the European Parliament and of the Council of 8 June 2000 on certain legal aspects of information society services, in particular electronic commerce, in the Internal Market (OJ L 178/1 of 17.7.2000) and 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 (OJ L 167/10 of 22.6.2001);
- Council Regulation (EC) No 1383/2003 of 22 July 2003 concerning customs action against goods suspected of infringing certain intellectual property rights and the measures to be taken against goods found to have infringed such rights, and Council Regulation (EC) No 1891/ 2004 of 21 October 2004 laying down provisions for the implementation of Council Regulation (EC) No 1383/2003;
- amended Proposal for a Directive of the European Parliament and of the Council on criminal measures aimed at ensuring the enforcement of intellectual property rights (COM (2006) 168 final of 26.4.2006);
- Commission Strategy for the Enforcement of Intellectual Property Rights in Third Countries of 2005 and to the Commission Staff Working Document 'IPR Enforcement Report 2009' (OJ C 129 of 26.5.2005);
- draft Report of the Committee on Legal Affairs on enhancing the enforcement of intellectual property rights in the internal Market, 13.1.2010, (2009/2178(INI));
- Resolution of the European Parliament on defining a new digital agenda for Europe: from i2010 to digital.eu, 5.5.2010, (2009/2225(INI));
- draft Opinion of the Committee on Industry, Research and Energy for the Committee on Legal Affairs (European Parliament) on enforcement

xvi

- of intellectual property rights in the internal market, 29.01.2010, (2009/2178(INI));
- draft Opinion of the Committee on the Internal Market and Consumer Protection for the Committee on Legal Affairs (European Parliament) on enhancing the enforcement of intellectual property rights in the internal market, 5.02.2010, (2009/2178(INI));
- Council Resolution of 1 March 2010 on the enforcement of intellectual property rights in the internal market (OJ C 56/01);
- Commission Communication of 11 September 2009 on enhancing the enforcement of intellectual property rights in the internal market (COM (2009) 467 final);
- Resolution of 25 September 2008 on a comprehensive European anticounterfeiting and anti-piracy plan including the European network for administrative cooperation referred to in it with a view to ensuring rapid exchanges of information and mutual assistance among the authorities engaged in the field of the enforcement of intellectual property rights (OJ C 253/1);
- Conclusions of 20 November 2008 on the development of legal offers of online cultural and creative content and the prevention and combating of piracy in the digital environment (OJ L 195/16);
- the Telecom Package (Directive 2009/140/EC of the European Parliament and of the Council of 25 November 2009 amending Directives 2002/21/EC on a common regulatory framework for electronic communications networks and services, 2002/19/EC on access to, and interconnection of, electronic communications networks and associated facilities, and 2002/20/EC on the authorization of electronic communications networks and services) (OJ L 337/37);
- Decision 2009/371/JHA of 6 April 2009 establishing the European Police Office (Europol) (OJ L 121/37);
- Decision 2002/187/JHA of 28 February 2002 setting up Eurojust with a view of reinforcing the fight against serious crime (OJ L 63/1);
- Conclusions of 24 September 2009 on 'Making the internal market work better' (Council Document 13024/09);
- Commission Recommendation 2009/524/EC of 29 June 2009 on measures to improve the functioning of the single market (OJ L 176/17);
- the European Observatory on Counterfeiting and Piracy;
- proposals for the review of the Brussels I Regulation (Council Regulation (EC) No. 44/2001 of 22 December 2000 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters (OJ L 12/1)); see, for example, Report from the Commission to the European Parliament, the Council and the European Economic and Social Committee on the application of Council Regulation (EC) No. 44/2001 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters (COM (2009) 174 final));

#### Preface

- the setting up of ENISA: the European Network and Information Security Agency, working for the EU Institutions and Member States and dealing with security issues of the European Union (<www.enisa.europa.eu/about-enisa>).

#### At international level:

- The Anti-Counterfeiting Trade Agreement (ACTA);
- the Advisory Committee on Enforcement (ACE) approved by the WIPO General Assembly at its 23 September to 1 October 2002 session.

Some national laws and initiatives on a par with national case law will be discussed in the relevant chapters of this book.

Special thanks to Maria Tzima for her invaluable help with copy editing and language correction.

The contributions are up to date as of 1 March 2010.

Athens, 1 April 2010. Irini A. Stamatoudi

Pref	Preface		
Par	t I E	uropean Union and International Policies	1
Cop	EU E	Inforcement Directive 2004/48/EC as a Tool for t Enforcement bothe	3
I.		roduction: The Background for the EU Enforcement	3
		rective	3
	A.		3
	В.	Harmonization and the Fight against Piracy Enforcement in the WIPO Conventions and in the TRIPs	,
	υ.	Agreement  Agreement	4
	C.		•
	Ċ.	Regulatory Measures	5
	D.		
		Communautaire	6
		1. The Rationale for Horizontal Enforcement	
		Legislation in the EU	7
		2. Gaps in Enforcement Rules	8
		3. The Accession of Ten New Member States Created	
		a Momentum	8
	E.	Preparatory Steps Undertaken by the European Commission	8
	F	The Main Objectives of the Enforcement Directive	g

II.	The Directive 2004/48/EC on the Enforcement of Intellectual			
	Property Rights in Detail	9		
	A. From the Commission Proposal to the Adoption of the			
	Directive	9		
	B. The Contents of the Enforcement Directive	10		
	1. The Structure of the Directive as Adopted	10		
	2. Subject Matter and Scope (Articles 1 and 2)	11		
	3. General Obligation (Article 3)	13		
	4. Beneficiaries of Sanctions and Remedies ('Persons			
	Entitled to Apply for the Application of the			
	Measures, Procedures and Remedies'), Article 4	13		
	5. Presumption of Authorship or Ownership (Article 5)	14		
	6. Evidence (Articles 6 and 7)	14		
	7. Right of Information (Article 8)	15		
	8. Provisional and Precautionary Measures (Article 9)	17		
	9. Sanctions: Corrective Measures (Article 10)	18		
	10. Sanctions: Injunctions (Article 11)	18		
	11. Sanctions: Alternative Measures (Article 12)	19		
	12. Sanctions: Damages (Article 13)	19		
	13. Legal Costs (Article 14), Publication of Judicial			
	Decisions (Article 15)	20		
	14. 'Sanctions by Member States': Criminal Sanctions			
	(Article 16)	21		
	15. Codes of Conduct (Article 17)	22		
	16. Assessment (Article 18)	23		
	17. Exchange of Information and Correspondents			
	(Article 19)	23		
III.	Summary and Evaluation of the Enforcement Directive	23		
IV.	The Way Forward	24		
	A. Piracy as a Continuing Threat	24		
	B. Other Initiatives Taken since 2004	24		
	C. Conclusion on the Perspectives	27		
	r contract the contract to the			
Part 1	[			
	e Is ACTA Taking Us? Policies and Politics	29		
Luc P	ierre Devigne, Pedro Velasco-Martins & Alexandra Iliopoulou			
200				
1.	Counterfeiting and Piracy Keep Increasing: The Problem			
	and Its Dimensions	29		
II.	Fighting against Counterfeiting and Piracy from the EU			
	Perspective	30		
	A. Protecting IPR Worldwide Is a Key Trade Priority	30		
	B. The Current Legal Framework for IP Enforcement			
	in the EU	31		

III.	The Anti-Counterfeiting Trade Agreement	33
	A. Why Do We Need a New International Agreement on	33
	IP Enforcement?	33 34
	B. The Launch of Negotiations on the ACTA	35
	C. The Three Pillars of ACTA	33
	1. International Cooperation between Enforcement	35
	Authorities	35
	2. Adoption of Best Practices	36
	3. Improved Legal Framework on IPR Enforcement	30 37
	a. Civil Enforcement	37
	b. Border Measures	38
	c. Criminal Enforcement	30
	d. Special Requirements Related to Rights	39
T 7 7	Management Technology and the Internet	39
IV.	The ACTA Negotiating Process	39
<b>T</b> 7	A. Transparency	39 40
V.	Next Step of the ACTA Negotiations	41
VI.	Conclusion	41
Part 1	I	
Copy	right Enforcement in the Digital Era and Private	
Inter	national Law Issues	43
Paul I	L.C. Torremans	
I.	Introduction	43
II.	Right and Contract	44
	A. The Distinction	44
	B. Transferability	45
	C. Entitlement	47
III.	The Law Applicable to the Copyright Contract	54
	A. The Law is Chosen by the Parties	55
	B. The Applicable Law in the Absence of Choice	55
	C. Article 4 Rome I Regulation Applied in Practice	57
	D. Interim Conclusion	61
IV.	Respect for National Copyright and Copyright Contract Law?	62
V.	Conclusion	63
Part 1	I	
The C	Global System of Copyright Enforcement: Regulations,	
	ies and Politics	65
Miche	ael D. Taylor	
I.	Introduction	65
II.	Multilateral Level	68
	A. The World Intellectual Property Organization (WIPO)	68

III.	The World Customs Organization				
IV.	The World Customs Organization				
V.	Interpol				
VI.	The Group of Eight				
VII.	Multilateral Level	81			
	A. The Anti-Counterfeiting Trade Agreement	81			
VIII.	Regional Level	89			
	A. The European Union	89			
	B. EC Regulation 1383/2003	89			
	C. Directive 2004/48/EC (IPRED)	90			
	D. A Proposed Directive on Criminal Measures (IPRED2)	91			
	E. The NAFTA	92			
	F. The Asia-Pacific Economic Cooperation (APEC)	94			
	G. The Association of South East Asian Nations (ASEAN)	96			
	H. The European Free Trade Association	97			
IX.	Bilateral Level	97			
	A. Preferential Trade and Investment Agreements (PTIAs)	97			
	B. FTAs: US	98			
	C. FTAs: EU	101			
	D. FTAs: EFTA	103			
	E. Bilateral Investment Treaties	104			
	F. Bilateral IP Instruments	105			
	1. US-EU IPR Working Group	105			
	2. EU-US Action Strategy for the Enforcement				
	of IPRs	106			
	3. US-China	106			
	a. The MOU on the Protection of Intellectual				
	Property	106			
	4. US-China Joint Commission on Commerce and				
	Trade	107			
	5. Industry and Government Cooperation	108			
	6. Industry Initiatives	108			
X.	Recommendations and Conclusion	110			
Part	II The Role of Internet Service Providers	117			
Part	П				
File-S Natio	Sharing and the Role of Intermediaries in the Marketplace: onal, European Union and International Developments a Mercedes Frabboni	119			
I.	Introduction	119			
II.					
III.	The Problem from an Economic Perspective	121 123			

viii

	A. The Copyright Framework: Exclusiveness and	
	Its Boundaries	123
	B. Effects	125
IV.	Regulation	126
	A. Copyright: International and Regional Answers	
	to Internet-Based Activities	126
	B. Rules on E-Commerce and Their Applicability	
	to Intermediaries	128
V.	The Role of Intermediaries in the Individuals' Exercise	
	of Fundamental Rights and Freedoms	130
	A. Promusicae v. Telefónica	130
	1. Delivery of Information Concerning Internet	
	Traffic	130
	2. Fundamental Rights: Property versus Privacy	132
	B. Negotiated Solutions and Administrative Enforcement	133
	1. United Kingdom: the Potential for a Voluntary	
	Code of Practice	133
	2. The 'Warning and Termination' Approach:	
	Examples of National Implementation	136
	3. Comment	138
VI.	Platforms Providers	139
	A. Platforms and Infringement: Different Implications	
	of Different Technologies	140
	B. Pirate Bay	141
	1. The Decision	142
	2. Policy Comment	144
VII.	Comments and Conclusion	145
Part	П	
	Graduated Response' in France: Is It the Good Reply	
to Or	nline Copyright Infringements?	147
Alain	Strowel	
I.	The French Laws on the 'Graduated Response'	148
	A. The 'Graduated Response' in a Nutshell	149
	B. Data Protection Issues	151
	C. A New Monitoring Obligation at the Core of the	
	'Graduated Response'	152
	D. Cooperation of Access Providers	152
II.	Comparison between the 'Graduated Response' and Other	
	Internet-Related Enforcement Systems	152
III.	Internet Access is a Fundamental Right Rooted in the Freedom	
	of Expression	154
	A. Freedom of Expression Protects Internet Access	155

	B. The Right to Access the Internet, as Protected by	
	Freedom of Expression, Can Be Limited	156
IV.	A Few Concluding Remarks on the 'Graduated Response'	158
	A. Is the 'Graduated Response' a New Form of Access	
	Control?	158
	B. Is the 'Graduated Response' a Workable Reply that	
	Can Become the Norm?	159
Part	π	
	Chase: The French Insight into the 'Three Strikes' System	163
	rie-Laure Benabou	
I.	The Prey: The Partial Failure of Other Solutions against	
	Wild P2P	164
	A. Locking P2P 'Upstream' by Technical Means	164
	B. Middlestream Approach with Reluctant Intermediaries	165
	1. Offensive Strategy against File-Sharing Software	
	Industry	165
	2. Cooperative Strategy with Internet Service	
	Providers	166
	C. Downstream Strategy: Targeting the Public	168
II.	The Trap: Mechanism of the French Law	170
	A. Duty to Ensure that Access Is Not Used for Copyright	171
	Infringement: Duty to Monitor the Connection	171
	B. Detection and Warnings Sent to the Subscriber	173 175
III.	C. Suspension of Internet Access and Others Sanctions Tally?	179
111.	rany:	1/9
Part		
	-Generated Content Sites and Section 512 of the US	183
	yright Act C. Ginsburg	103
June	C. Grisourg	
I.	Introduction	183
II.	The Statutory Notice-and-Take-Down Safe Harbour	186
	A. 'Service Provider'	187
	B. 'Storage at the Direction of a User'	188
	C. Statutory Conditions for Limitation on Liability:	
	Knowledge or Awareness	190
	D. Statutory Conditions for Limitation on Liability: Direct	100
	Financial Benefit  E. Statutary Conditions for Limitation on Liability, Bight	193
	E. Statutory Conditions for Limitation on Liability: Right and Ability to Control Infringing Activity	196
III.	Conclusion	190
III.	Conclusion	17/

	Protection, Secrecy of Communications and Copyright:		
	flicts and Convergences – The Example of <i>Promusicae v</i> .	199	
	f <b>onica</b> A. Stamatoudi	199	
_		100	
I.	Introduction	199	
II.	ISPs, IP Addresses and File Sharing	201	
III.	The Example of Promusicae v. Telefonica	204	
	A. Historical Background	204	
	B. Relevant Legal Provisions	205	
	C. Outcome and Open Questions	213	
	D. Conclusions	221	
IV.	National Experiences	223	
V.	Conclusions	231	
Part	II		
	ninal Liability on the Internet	233	
Dımı	tris Kioupis		
I.	Introduction: Old Problems and Modern Developments	233	
II.	Copyright Infringement and Criminal Liability	237	
	A. Criminal Acts Committed through P2P Networks	241	
	B. Third-Party Criminal Liability	243	
	C. Collecting Digital Evidence	249	
III.	Conclusion	253	
Part	III New Models and Alternative Solutions	255	
Part			
	ection of 'DRM' under the WIPO 'Internet Treaties':		
	rpretation, Implementation and Application  Mihály Ficsor	257	
D1 14.	inary I resor		
I.	Introduction	257	
II.	The Provisions of the Internet Treaties on the Two		
	Constituting Elements of DRM Systems (TPMS and RMI)		
	and the Key Issues of Their Interpretation, Implementation		
	and Application	258	
	A. Introductory Remarks	258	
	B. Technological Protection Measures (TPMs)	258	
	1. Treaty Provisions on TPMs	258	
	2. '[A]dequate legal protectionagainst		
	circumvention': The Treaty Obligations Extend to		
	Provide Protection against 'Preparatory Acts'	259	

3.	'[T]echnological measures that are usedin	
	connection with exercise of rights and that	
	restrict acts': The Treaty Obligations to Provide	
	Adequate Protection Cover both 'Access-Control'	
	and 'Copy-Control' TPMs	264
4.	'[T]echnological measures that are used by	20.
т.	[authors][performers or producers of	
	phonograms]':The Treaty Obligations also Cover	
	TPMs Applied by Successors in Title and	
	Licensees of Authors, Performers and Producers of	240
_	Phonograms, Respectively	268
5.	'[E]ffective Technological Measures': Infallibility	
	Is Not a Criterion of Effectiveness	270
6.	'[I]n Connection with the Exercise of Their	
	Rights and That Restricts Acts Which Are	
	Not Authorized by [the Authors] [the Performers	
	or the Producers of Phonograms] Concerned': The	
	Treaty Obligations to Provide Adequate Protection	
	against Circumvention Are Not Reduced to Acts	
	Linked to Infringements; at the Same Time, They	
	Do Not Result in a New 'Access Right' Alien to	
	the Copyright Paradigm	281
7.	'[I]n connection with the exercise of their	
	rightsand that restrict actswhich are	
	notpermitted by law': It Is Necessary (and	
	Possible) to Establish Adequate Balance between	
	the Protection of TPMs and the Applicability of	
	Exceptions and Limitations	287
8.	'[T]echnological measures that are used by	207
٠.	[authors][performers or producers of phonograms]	
	in connection with the exercise of their rights	
	[under this Treaty or the Berne Convention][under	
	this Treaty and that restrict acts, in respect of their	
	[works][performances or phonograms]': The Anti- circumvention Provisions Do Not Apply to	
	Productions Not Qualifying as Works,	
	Performances or Phonograms neither to Those that Are in the Public Domain	202
9.		293
9.	'Effective legal remedies': The Same Kinds of	
	Remedies Are Needed as in the Case of	
	Infringements and, in Respect of Commercial	
	'Preparatory Acts', as in the Case of Piracy on a	
	Commercial Scale	296

	C.	Rights Management Information (RMI)	297
		1. Treaty Provisions on RMI; Their Interpretation	207
		and Implementation	297
		2. Application of RMI as Part of DRM Systems	299
	~	along with TPMs or Alone	300
III.	Co	nclusions	500
Part			202
		Conduct and Copyright Enforcement in Cyberspace  **Iugenholtz**	303
I.	Int	roduction	303
II.		pology of Self-regulation	304
	A. B.	0.010	306
	D.	Conduct	308
	C.		309
III.		ckground Copyright Law	311
IV.	Co	des of Conduct on Copyright Enforcement	314
	Ā.		314
	В.	Assessment	316
V.	Co	nclusions	319
Part			224
		Public Participation in Canadian Copyright Law ndreau	321
I.	Juo	licial or Quasi-judicial Process	322
II.		gislative Amendments	326
Bibli	ogra	phy	331
Inde	X.		343

# Part I European Union and International Policies