

**Establishing Statutory Ground for
the Public Interest Defence
under International Copyright Law**

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Thesis submitted to the University of Nottingham for the
degree of Doctor of Philosophy

October 2017

Abstract

Maintaining a fair balance between individuals' interests and the public interest is arguably believed to be the most effective approach in serving the ultimate objective of copyright: to promote social, economic and cultural development for the benefit of both rightsholders and the public at large. Through this balanced approach, creativity can be maximised and thrive better than by tilting towards one or the other. In copyright law, such balance is reflected by the way in which the short-term grant of exclusive rights respects the long-term public interest represented by limitations and exceptions to copyright.

Despite an unclear and non-uniform definition and scope, the importance of the public interest has been implicitly and explicitly recognised through disparate forms of safeguards in different jurisdictions. However, the last few decades have seen a rapid development of information technologies which, in turn, has contributed to an unparalleled legislative drive at international level towards overprotecting the interests of rightsholders. This has then left the public interest under-protected and now constitutes an imbalance of copyright.

This thesis therefore examines legislative intervention into the international copyright regime in an attempt to ensure that the public interest is uniformly and mandatorily safeguarded at international level. In particular, it strives to establish an overarching public interest defence capable of protecting certain aspects of public values embedded in copyright works. In achieving this, the thesis examines the scope of the defence, what it should entail, and what aspects are to be taken into account in the course of formulating and giving effect to the defence. The substantive chapters investigate the public policy grounds, the right to freedom of expression and the international three-step test, i.e. the roles they play in shaping the latitude and operations of the defence, respectively. Finally, the thesis also evaluates different ways in which the defence can be incorporated into the international copyright regime in order to effectively counterbalance the rightsholder-centric tendency and restore the balance of copyright.

Acknowledgements

Having often felt that, to me, a PhD is not just a tedious study marathon entailing a lengthy piece of paperwork but rather a life-challenging test of determination, commitment and discipline, I know that I would have not passed such a test without precious support and encouragement from numerous people.

I would like to first of all express my greatest gratitude to my supervisors: Professors Paul Torremans and Estelle Derclaye. I would have not had such a great opportunity to pursue my PhD here had Paul not shown interest in my proposal back in 2014. All the insightful comments and constructive advice provided by both of you have been pivotal in guiding me through the entire journey. I am especially grateful to you, Estelle, for your consistently elaborative and prudent feedback; going through every single comment of yours has made me realise how thoughtful you are. I would also like to thank Associate Professor Sangeeta Shah for supervising me on the human rights-related chapter, which is the biggest chunk of my thesis, and for convincing me that tough comments are not necessarily taken as a knock, but a blessing.

As much as my appreciation goes to those individuals above, I feel beholden to the University of Nottingham, especially those contributing to the Vice-Chancellor's Scholarship for Research Excellence scheme, for funding me throughout the past three years. Indeed, the granted scholarship had been the determining factor in my decision to take on the PhD overseas. I am also thankful to Zaap Nottingham for giving me an opportunity to work part-time, allowing me to afford the rent and all living costs. Another source of monetary support that has made my PhD life more financially secured and must be mentioned here is from my highly esteemed personal sponsor, M.S. Sorut Visuddhi, who has always been very sympathetic to me along the way.

In addition to those providing academic and financial support mentioned above, my special thanks are also conveyed to those who have indirectly played a big supportive role during my PhD adventure. Saranporn Kirdkoh (Chat), I sincerely appreciate all your assistance and contributions, the quality

time we have spent and the ups and downs we have shared all down the line. Mohd Fuad Husaini, you are the only one PhD classmate, an attentive brother, a composed mentor, with whom I have constantly been in touch and comfortably shared all my nonsense. I am deeply grateful for that. Matthew Veazey, while any PhD candidates can be overwhelmingly caught up in their research, you are the one who rescues me by dragging me out of an academic world and introducing to me what else the student life offers: the Wednesday chicken club experience and the typical Sunday UFC smash, not to mention your great company to many entertaining activities. Without the profound friendships brought by these people, this thesis would never be as fulfilling to me as it is now.

Last, I would like to dedicate this thesis to my family and myself - especially to their patience and, of course, my perseverance!

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Table of Abbreviations

A1P1	=	Article 1 Protocol 1 to European Convention of Human Rights
CDPA	=	Copyright, Designs and Patents Act 1988
CFREU	=	Charter on Fundamental Rights of the European Union
CJEU	=	Court of Justice of the European Union
CTEA	=	Copyright Term Extension Act 1998
DMCA	=	Digital Millennium Copyright Act
DRM	=	Digital Rights Management
ECHR	=	European Convention of Human Rights
ECJ	=	European Court of Justice
ECtHR	=	European Court of Human Rights
EU	=	European Union
HRA	=	Human Rights Act 1998
HRs	=	Human Rights
ICCPR	=	International Covenant on Civil and Political Rights
ICESCR	=	International Covenant on Economic, Social and Cultural rights
IPRs	=	Intellectual Property Rights
L&Es	=	Limitations and Exceptions
PAR	=	The prohibition of abuse of rights
SCCR	=	Standing Committee on Copyright and Related Rights

TPB	=	The Pirate Bay
TPM	=	Technological Protection Measure
TRIPS	=	Agreement on Trade-Related Aspects of Intellectual Property Rights
UDHR	=	Universal Declaration of Human Rights
UNESCO	=	United Nations Educational, Scientific and Cultural Organisation
UNGA	=	General Assembly of the United Nations
USC	=	United States Code
VCLT	=	Vienna Convention on the Law of Treaties
WCT	=	WIPO Copyright Treaty
WIPO	=	World Intellectual Property Organisation
WPPT	=	WIPO Performances and Phonograms Treaty
WTO	=	World Trade Organisation

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Chapter 1. Introduction

1.1 Background

One of the legal issues that is always open to debate involves how to grant legal privileges for individuals' contributions without causing unreasonable detriment to the enjoyment of others, and vice versa. Intellectual property is one of the legal disciplines of which the ultimate objectives rest on an appropriate answer to such a question. Granting exclusive rights to those forging facts and ideas into intellectual property products is undeniably an approach to stimulate more meaningful creations, and so is allowing the unrestricted public enjoyment of those products. But neither extreme necessarily serves to enhance the environment in which creativity can be maximised and thrive better than maintaining the balance between the two, with an ultimate end of promoting the crucial aspect of social, economic and cultural development for the benefit both of creators and the public at large.¹

1.1.1 Introducing the term 'public interest' and its contributions to copyright

As one of the intellectual property categories, copyright has, since the signing of the Berne Convention, also strived to achieve such a balance by establishing the regime in which short-term grants of exclusive rights are counterbalanced by the long-term public interest, underpinned and represented by the so-called copyright limitations and exceptions (L&Es). The distinct demarcation between grants and reservations in the copyright context has been shaped by how the public interest is respected within the regime.² Despite the absence of a universal definition,³ the importance of the public interest has been implicitly

¹ World Intellectual Property Organisation (WIPO), 'What is Intellectual Property?' WIPO Publication No 450(E) ISBN 978-92-805-1555-0 p 3; The Washington Declaration on Intellectual Property and the Public Interest.

² Although the notion of public interest has not always been given a straightforward or clear-cut definition or usage, this thesis intends to discern the public interest as referring to various interests in the society associated with the use of copyright works, other than those of the rightsholders.

³ Isabella Alexander, *Copyright Law and the Public Interest in the Nineteenth Century* (Hart Publishing 2010) Ch. 7.

and explicitly recognised through disparate forms of safeguards in different jurisdictions.

In common law countries such as the UK, the public can enjoy an author's creative works by resorting to statutory exceptions including the so-called fair-dealing acts enshrined in the Copyright Act.⁴ In addition, an explicit public interest defence has been incorporated into statutory law.⁵ The defence was developed from the English courts' exercise of their inherent judicial discretion to prevent copyright misuse and to safeguard the public values while protecting individual interests.⁶ It functions to provide a refuge for any socially valuable, though infringing, uses of copyright works incapable of falling within the scope of the permitted L&Es.⁷

Another means of safeguarding the public interest can be noted in the US. Although there is no certain defence akin to that in the UK, the maximisation of social welfare and the promotion of 'the progress of science and useful arts' categorically reflect the constitutional purpose that the US copyright law is designed to serve.⁸ Accordingly, L&Es in the forms of fair use and the idea/expression dichotomy come into play as the clearest grounds under which the notion of public interest is implicitly preserved within the regime.⁹

Concerning the EU copyright law,¹⁰ although there is no specific defence, the public interest is protected by the L&Es regime codified in Article 5 of the

⁴ Copyright, Designs and Patents Act 1988 (CDPA), Chapter III for permitted acts.

⁵ CDPA ss 30; 171(3).

⁶ Hugh Laddie, Peter Prescott and Mary Vitoria, *The modern law of Copyright and Design* (3rd edn, Butterworths 2000) para 20.2. *Beloff v Pressdam* [1973] RPC 783 (Ungoed-Thomas J); *Commonwealth v John Fairtex & Sons Ltd (Defence Papers case)* [1980] HCA 44, citing *Fraser v Evans* (1969) 1 QB 349,362-63; *Hubbard v Vosper* [1972] 2 QB 84, 96-97; *Woolgar v Chief Constable of the Sussex Police* [1999] 3 All ER 604; *Lion Laboratories Ltd v Evans* [1985] QB 526.

⁷ CDPA Chapter III for permitted acts. See also Alexandra Sims, 'The Public Interest Defence in Copyright Law: Myth or Reality?' [2006] EIPR 335, 335.

⁸ US Const, Art I, sec 8. See also William Fisher, 'Theories of Intellectual Property' <<http://www.law.harvard.edu/faculty/tfisher/iptheory.html>> accessed 16 October 2015.

⁹ Howard Besser, 'Will Copyright Protect the Public Interest?' (2007) 11 (1) Peace Review: A Journal of Social Justice 25, 26. Particularly for the fair-use doctrine, see also *Sony Computer Entertainment America Inc v BLEEM LLC* (9th Circuit 2000); *Campbell v Rose-Acuff Music Inc* 114 S Ct 1164 (1994).

¹⁰ European Union law is a body of treaties and legislation, such as Regulations and Directives, which have direct or indirect effect on the laws of EU member states.

Copyright Directive.¹¹ Those permissible L&Es are then transposed into member states' legislations, which mostly contain closed lists of permitted uses with specific purposes and conditions such as private uses, press reviews and commentary and short quotations for educational or scientific purposes.¹² These narrow L&Es are also believed to provide a similar function to the flexible UK public interest defence and the US fair-use doctrine in securing some breathing space in which the enjoyment of authors' creations can be shared with the public.

1.1.2 Concerns about under-protected public interest

Rapid development of information technologies has contributed to some lobbied overhauls of international copyright policies.¹³ In fact, the last few decades have seen copyright law struggle to cope with the unprecedented proliferation of exclusive protections regarding expanded copyrightable content and emerging Technological Protection Measure (TPM) and Digital Rights Management (DRM) schemes.¹⁴ Obvious examples of these imbalanced changes can be hinted from the rationales behind international copyright law reforms by WIPO Copyright Treaty (WCT) and WIPO Performances and Phonograms Treaty (WPPT). Such reforms primarily concern explicit recognition of new copyright subject-matter, namely computer programs and databases, and introduce anti-circumvention rules, both of which are expressly provided in favour of rightsholders.¹⁵ These international obligations have had great effect on the implementation of the Copyright Directive and the US Digital Millennium Copyright Act of 1998.¹⁶ Not only has the magnitude of copyright protection been substantially strengthened, these measures also have

¹¹ 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] OJ L167/10, p 10-19 (Copyright Directive).

¹² See, for example, French Intellectual Property Code, Title II, Ch. II, L122-5(2)(3a)(3b); German copyright Act (UrhG), Ch. VI, s 49, 51, 53. See also Paul Goldstein and PB Hugenholtz, *International Copyright: Principles, Law and Practice* (2nd edn, OUP 2010) 363.

¹³ Besser (n 9) 28-30; The Washington Declaration on Intellectual Property and the Public Interest.

¹⁴ See Chapter 3; see also Jonathan Griffiths and Uma Suthersanen, *Copyright and Free Speech* (OUP 2005) 44-96.

¹⁵ WCT, Arts 8, 11; WPPT, Arts 10, 14, 18. See also Giuseppe Mazziotti, *EU Digital Copyright Law and the End-Users* (Springer Science & Business Media 2008) 52.

¹⁶ DMCA.

the unwelcome potential to prevent the contribution that digitisation could make in enlarging an area of public interaction, in which creativity can be disseminated in quicker, easier and more productive approaches.¹⁷

While copyright has witnessed such an increasingly compelling legislative drive for exclusive protection side at all levels, little has been done on the other side of the coin. Together with its vague definition and function,¹⁸ this unparalleled evolution has left the public interest under threat of under-protection internationally. These concerns also have a tendency to tilt the long-maintained balance of copyright to the rightsholder's advantage and undermine the entire L&Es system. If the situation remains unaltered, it seems counterproductive to the future of copyright development where public users can play a pivotal role as rightsholders in shaping the most bountiful copyright environment and thus pursue copyright's ultimate objectives.

1.1.3 Legislative intervention of the public interest defence

Having realised the imbalance of interests, numerous solutions have been proposed to address major copyright concerns. The case law, which will be examined later, shows that there have been various judicial attempts at regional and national levels to safeguard the public interest by resorting to legal tools both from inside and outside the copyright regime. Those include statutory and judge-made doctrines such as fair dealing, fair use, fundamental freedoms, the three-step test, public policy grounds, abuse of rights and copyright misuse. They are mostly adopted *ad hoc* to accommodate competing interests that the emerging copyright environment imposes and, therefore are subject to varying judicial interpretation.

However, there is no international codification of the public interest defence. Thus, its recognition remains unclear and prone to being taken for granted. It is the purpose of this thesis to establish such a defence, one that is capable of providing some protection to all aspects of public values embedded in copyright works.

¹⁷ Copyright Directive, Art 6; DMCA 17 USC s 1201. See also Mazziotti (n 15) 3-4.

¹⁸ There is no widely accepted definition as to what the 'public interest' is or whose 'interests' are at stake. See Alexander (n 3) 16.

Roles of the defence based on the UK public interest concepts

According to the derivative concept described by Jacob J. in *Hyde Park v Yelland*, there are two different roles that the public interest defence performs.¹⁹ The first role presents the so-called public policy grounds used to usurp statutory copyright in circumstances where a copyright work is, *inter alia*, immoral, obscene, deceptive or injurious to public life, public health and safety.²⁰ The other functions as an exception to copyright infringement, which can be best given effect through the freedom of expression protection in situations where there is a public interest in disclosure of information clothed in copyright.²¹ Historically, the defence was originally known as the UK courts' inherent jurisdiction in adopting a more general common-law principle to refuse to enforce copyright associated with wrongdoing –originally described as 'iniquity' and gradually referred to different terms in subsequent case-law such as 'seditious, fraudulent or immoral'.²² Although the application of this formerly established restrictive role of the defence has recently become increasingly unpopular due to its high threshold and unclear operations,²³ UK courts have also endorsed a broader or 'encouraging' public interest defence, as initially upheld in *Lion Laboratories Ltd v Evans* and later given statutory basis by section 171(3) CDPA.²⁴ Prominently, the defence in such an endorsed aspect was explicitly supported by Jacob J. in *Hyde Park*'s First Instance,²⁵ but later utterly dismissed by Aldous LJ in the Court of Appeal.²⁶ Aldous LJ's radical opinion recognised that only the narrow or 'restrictive' public interest

¹⁹ *Hyde Park Residence Ltd v Yelland and Others* [1999] EMLR 654, 670 (Jacob J). See also the issues addressed in relation to the terms 'public interest' in Alexander (n 3) 19-20.

²⁰ *Hyde Park v Yelland* (n 19) 670 (Jacob J); *Hyde Park Residence Ltd v Yelland and Others* [2000] 3 WLR 215 (Aldous LJ).

²¹ *Hyde Park v Yelland* (n 19) 671 (Jacob J); *Ashdown v Telegraph Group Ltd* [2002] Ch 149 (CA) [44] (Lord Phillips MR).

²² *Gartside v Outram* [1857] 26 LJ Ch 113, 114 and other case law cited in Chapter 2 2.5.1 for more detail. See also I Alexander, *Copyright Law and the Public Interest in the Nineteenth Century* (Hart Publishing, 2010) 63-79; Jonathan Griffiths, 'Pre-Emptying Conflict - A Re-Examination of the Public Interest Defence in United Kingdom (UK) Copyright Law' (2014) 34(1) Legal Studies 76, 78.

²³ *Golden Eye (International) Ltd v Telefonica UK Ltd* [2012] EWHC 723 (Ch); Griffiths (n 22) 78. See 2.8.1.1. for detailed analysis of the operations.

²⁴ [1985] QB 526 (Griffiths LJ). In this case where copyright and confidence claims overlapped, Griffiths LJ stated that '...it is not difficult to think of instances where, although there has been no wrongdoing on the part of the plaintiff, it may be vital in the public interest to publish a part of his confidential information' [550].

²⁵ [1999] EMLR 654.

²⁶ [2000] 3 WLR 215.

defence was justified under section 171(3) CDPA, whose scope in copyright law was only limited to cases of wrongdoing, not disclosure.²⁷ Nevertheless, the Court of Appeal's judgment in *Ashdown v Telegraph Group Ltd*,²⁸ which was handed down after the HRA came into force, invalidated Aldous LJ's narrow conception. Lord Phillips MR reaffirmed that the public interest defence can perform two different roles and, particularly, its encouraging role applied when, in an absence of applicable CDPA's permitted acts, the use of copyright work was required by the right to freedom of expression, given effect by section 171(3) CDPA.²⁹ Even so, the court seemed disinclined to provide any clarity as to the scope, definition or application of the defence.³⁰ Also, relevant cases after *Ashdown*³¹ have by far revealed that, despite its statutory presence and judicial validity in UK copyright law, the public interest defence is still subject to uncharted scope and its application remains uncertain.

Having elaborated above the original concept of the public interest defence, it is noteworthy that, while these two established roles have been connected through the historical development of the extra-statutory public interest principle in UK copyright law, they are not necessarily resolved under the same legal theories. As will be demonstrated in Chapter Two below, the circumstances involving the former role of the restrictive public interest doctrine are dealt with by distinct legal theories in other jurisdictions. For instance, while UK judges handle obscene copyright works within the UK copyright framework through the judge-made public policy doctrine (2.5), an issue of obscenity within the US is addressed by the non-statutory defence of morality developed through US obscenity law framework (2.6). With regard to misuse of copyright, the US courts have developed the doctrine of copyright misuse within the US copyright framework to cope with situations in which the

²⁷ Ibid. [64]; Laddie, Prescott and Vitoria (n 6) 21.20-21.30. See also the dissenting opinions by Mance LJ in [69]-[83].

²⁸ [2002] Ch 149 (CA).

²⁹ Ibid. [58].

³⁰ Ibid. [59]; Griffiths (n 22). Lord Phillips MR merely concluded that the defendant's freedom of expression was adequately accommodated by fair dealing defences and, thus, there was no need to have recourse to section 171(3).

³¹ *HRH Prince of Wales v Associated Newspapers Ltd* [2006] EWHC 522; *Grisbrook v MGN Ltd* [2009] EWHC 2520 [71]; *Vitof Limited v Altoft* [2006] EWHC 1678 [175]; *Unilever plc v Griffin* [2010] FSR 33 [18]; *BBC Petitioners* [2012] HCJ 10 [26]. See also Griffiths (n 22).

exercise of copyright amounts to anti-competition or is beyond the granted scope (2.3). Whereas the ECJ has recognised those situations as falling within the abuse of rights framework and has dealt with it by adopting the general principle of the prohibition of abuse of rights (2.4). More arguably, what should be the aftermaths of the operations of those distinct doctrines adopted in pursuance of the restrictive public interest defence are also discussed under different legal theories – denial or remedial approaches (2.8).³²

Similarly, the encouraging public interest defence, which appears to be thoroughly analysed in Chapter Three, illustrates circumstances where the public interest in requiring dissemination of, or having access to, copyright-protected works is considered under different theoretical legal frameworks. The development of this type of defence under the UK jurisdiction has derived from an equitable doctrine of the law of breach of confidence and been later statutorily recognised by section 171(3) CDPA, which, arguably, give effect to the fundamental right of freedom of expression. In the EU, the public's interest in freely communicating and receiving information and ideas of all kind, notwithstanding copyright-protected, has been well recognised through both ECJ and ECtHR case law as one of the fundamental human rights and, thus, prominently considered under the cultural rights and freedom of expression frameworks (3.2.1.4, 3.3). This fundamental rights resolution is also adopted by the US in a more extreme form, whereby freedom of expression has its highest constitutional protection and therefore copyright is predominantly subjected to the free speech scrutiny through the fair use doctrine (3.4).

That said, it is still the afore-mentioned proposition of the defence of public interest, originating from the UK context, that has shaped the choice to deal with, and integrate, the two divergent but closely related aspects of the defence within copyright law. As put forward by the thesis, both types of situation under which the 'restrictive' and 'encouraging' public interest defence can be employed will be best resolved under the copyright framework - through the

³² Please note that the argument of non-enforcement of copyright in reprehensible copyright works must now take into account the WTO Panel's ruling in *US-China-Measures Affecting the Protection and Enforcement of Intellectual Property Rights* (WT/DS362/R) report of the Panel, adopted 26 January 2009. See 5.3.1 below.

proposed public interest defence, which seeks to equip courts with the power to exempt or override copyright enforcement through grant of remedies.

1.2 Scope and aims of the contribution

This research examines the overarching concept of the public interest. It endeavours to define scopes and distinct roles of such a concept from national and international case law, legal concepts and doctrines and other relevant materials. These contribute to answering the research question: to what extent can a public interest defence can be statutorily introduced into the international copyright regime to counterbalance the owner-centric tendency and restore balance between rightsholders, users and the public interest?

1.2.1 Jurisdictional selections

Particular jurisdictions have been selected to delineate the scope of the research area. The EU jurisdiction attracts the research's primary focus due to its rich, sophisticated and constantly developing jurisprudence. It is home to most of the civil law-based countries, where arguments regarding abuse of EU rights, freedom of expression and the three-step test are open to debate. Prominent case law and approaches taken by some of EU member states concerning those matters are worth examining for comparative purposes. In addition, the UK represents an influential common-law jurisdiction from which the doctrines of public interest and public policy supposedly emanated, and which draw numerous judicial interpretations and commentary.

The focus is sometimes placed on the US copyright regime, which perceives the public interest in a slightly different, sometimes contrary, dimension from other jurisdictions. The US is renowned for its constitutional freedom of expression protection and for its fair-use doctrine, arguably the epitome of a high level of safeguarding. Public policy is also recognised differently and attracts different forms of legal protection. Those diversities offered by the US jurisdiction are worth studying as they may play an important role in shaping how the proposed defence would play out internationally.

1.3 Methodology

Nearly half of each chapter's substance adopts a doctrinal methodology in an attempt to explore and understand foundational and theoretical principles and philosophies underpinning the legal doctrines involved. This research method is characterised by the analysis of legal rules primarily found in case law and statute.³³ By asking what the law is,³⁴ it particularly helps address and clarify the complexity and obscurity rooted in the compositional structures of the public interest, public policy, freedom of expression and the three-step test.

As this project's proposal considers the possibility of formulating a comprehensive and universal public interest defence, a comparative methodology is also used to understand how the public interest and other related doctrines are recognised and protected within the chosen regimes. This allows the researcher to discover and examine similarities and distinctions among the jurisdictions as to how they approach and what they contribute to the related matters.³⁵ In Chapter 2, for instance, a comparative evaluation of case law precedent takes place between the EU, UK and US regimes of different legal approaches used to protect the public policy grounds. This enables the researcher to extract from those domestic approaches the features that are effective and meaningful for shaping an overarching international public policy safeguard.

Doctrinal methods make no effort to comprehend the behaviour to which the concerned doctrines relate, and so provide no practical applications or solutions to a situation.³⁶ Considering the scope of this research, one should avoid letting autonomous approaches taken by a limited number of jurisdictions of comparison justify the output as that would cause 'an inherent bias in the structure of comparison with far-reaching implications',³⁷ confining the validity and generality of the research outcomes.

³³ Paul Chynoweth, 'Legal Research' in Andrew Knight and Les Ruddock (eds), *Advanced Research Methods in the Built Environment* (Wiley-Blackwell 2008) 28, 29-30.

³⁴ Ibid. 30. See also HLA Hart, *The Concept of Law* (OUP 1961).

³⁵ John Reitz, 'How to do Comparative Law' (1998) 46 ASCL 617, 629.

³⁶ Chynoweth (n 33) 30.

³⁷ Reza Azarian, 'Potentials and Limitations of Comparative Method in Social Science' (2011) 1(4) IJHSS 113, 121.

Having acknowledged those limitations, this project also contemplates the practical dimension of the public interest defence being implemented amid changing circumstances. To do so, an interdisciplinary method is adopted to take into account the extent to which technological development would affect the way copyright exists to fulfil all the interests present in the society. It also helps consider whether the proposed defence would pass the international three-step test and be able to play the desired role of permitting emerging technology-enabling uses in practice. The merits of this methodology are illustrative in freedom of expression consideration, in which an effectiveness of copyright L&Es in protecting other competing interests is evaluated against obligations to comply with Article 10 of the European Convention on Human Rights (ECHR). This enables examination of the quality of internal copyright measures in achieving particular social goals and their conformity.³⁸ By looking through the social context in which copyright is constantly developed, one may have a clearer overall understanding of why international copyright is increasingly required to tilt its focus towards public values of a given creation and how that can effectively be achieved. Overall, the thesis is constructed with the intention that the statutory public interest defence proposed will provide ample certainty and flexibility in the copyright L&Es regime for the public interest to be duly safeguarded. This will thus help tailor copyright towards a fair balance between rightsholders, users and the public interest in this ever-evolving copyright environment.

1.4 Structure of thesis

Chapter 2 explores the public policy aspects which represent the restrictive sense of the public interest defence in putting judicial control over an inappropriate enforcement of copyright. The third chapter examines the other aspects of public interest in its encouraging sense, representing an exception to copyright infringement in circumstances where the public interest in enjoying the right to freedom of expression outweighs individual protection. Whether the proposed defence is justified to play the designated roles at the international level is scrutinised in the fourth chapter, where the defence is put

³⁸ Chynoweth (n 33) 30.

to the three-step test.

Chapter 2. Public Policy Grounds

This chapter looks into public policy doctrine and examines to what extent it can be incorporated into the ambit of the proposed public interest defence. Copyright is an intellectual property right, the underlying aim of which is to incentivise the dissemination of particular types of creative works,³⁹ provided that such works are in the form of expressions.⁴⁰ By rewarding the author who contributes their intellectual creations in expressive ways with a set of exclusive rights and protection, it seeks to encourage their right to freedom of expression.

However, it is widely recognised in the international copyright regime that maintaining the balance between the interests of rightsholders and the public is at the heart of copyright law because the balance benefits the society through the exercise of exclusive rights granted to the rightsholders to publish their creations. It also protects society from harm caused by an inappropriate exercise of such rights;⁴¹ the exclusive rights are not unconditional, but subject to some limitations.

There are two types of copyright limitations; encouraging and restrictive. These can result in different implications towards the authors' right to freedom of expression. The former can be regarded as enhancing further dissemination of the authors' expression, and it ensures that the use of such expressions is not limited to the authors only, but also to public users under certain circumstances. This type of user-friendly limitation has widely been recognised at the international level and mostly incorporated into national level. It includes private copying, the right to make quotations, non-commercial research and study, teaching, libraries, fair use and fair dealing.⁴²

³⁹ See Berne Convention, Art 2 as examples of particular types of works protected by copyright law.

⁴⁰ Ibid.

⁴¹ Laddie, Prescott and Vitoria (n 6) para 20.2. See also Alexandra Sims, 'The Denial of Copyright Protection in Public Policy Grounds' [2008] EIPR 189, 189.

⁴² See Berne Convention Art 9(2), 10 and 10*bis* as examples of copyright exceptions at international level. At regional level, see the Copyright Directive, Art 5. In national level, see, for example, the UK CDPA in Part I Chapter III 'Acts Permitted in relation to Copyright Works'; The US copyright law, s 107 for 'fair use'.

Restrictive limitations tend to restrict the dissemination of authors' creative expressions under certain circumstances. This is, again, based on the concept that the author's right to exercise their freedom of expression is not absolute; rather, there should be some limits. There are types of limitations the functions of which are set to prevent the use of copyright from causing any harmful effects to others' rights or to the public at large. Such limitations are commonly known as brake doctrines. They are usually invoked when national authorities find it necessary that particular expressions should be restricted from publication in the public interest, despite uncertain legal authority and inconsistent implementation. Defamation law is one of the brake tools, the function of which is to restrict people from publishing defamatory expressions that could harm others' reputations.⁴³ Similarly, a right to freely express creative works can also be restrained if it is exercised in a way that is in violation of others' right to privacy.⁴⁴

Inconsistent legal recognitions and implications in some prominent jurisdictions with different legal traditions are an interesting attribute of the emergency brake doctrine known as public policy grounds, which this chapter intends to examine. The term public policy was coined from the UK common law tradition⁴⁵ and has long been recognised in various jurisdictions although different legal terms have been used, such as the US copyright misuse, copyright protection to obscene works or the prohibition of abuse of EU legal rights. Given the differences in national values and interests, implementations of the public policy doctrine vary in terms of criteria and operations. This chapter will examine how public policy is understood in each the US, UK and EU jurisdictions, and analyse similarities and differences in their applications, justifications and operations against copyright protection.

There are two broad aspects that public policy embraces – misuse and immorality. The former holds that improper exercise of copyright beyond its granted scope is contrary to its purpose. The latter embodies the principle that

⁴³ Frances Quinn, *Law for Journalists* (4th edn Pearson 2013) 222.

⁴⁴ *Ibid.* 316.

⁴⁵ *Attorney-General v Guardian Newspapers Ltd (No 2) (Spycatcher)* [1990] 1 AC 109; *Hyde Park Residence Ltd v Yelland and Others* [2000] 3 WLR 215; [2001] Ch 143 (CA).

any works containing immoral elements must be suppressed from publication.

2.1 Definition of public policy

Restrictive limitations, or the so-called ‘emergency brake’, operate to maintain a fair balance in copyright law and to guarantee that copyright is not exercised in an overreaching way. Particularly, when copyright law – an instrument of policy based on public interest⁴⁶ – is used in reprehensible, immoral or abusive ways, this is deemed as beyond the scope of protections and contrary to the underlying copyright policy.

To prevent this from happening, there must exist a justification under which judicial authorities are vested with some discretionary power to implement and adjust copyright law in accordance with public needs, public safety and security, public morality and other perceived policy considerations. Such justification should ensure that the exercise of copyright does not constitute any detriment to the public and its ultimate objectives.⁴⁷ Against this background, such justification is recognised as public policy grounds.

Having established the reasoning above, the next stage will illustrate the relationship between the public policy grounds and similar doctrines to examine to what extent each doctrine performs its ‘emergency brake’ role in its own jurisdiction. With regard to its recognised functions, the public policy grounds prevent two main reprehensible aspects – ‘misuse’ and ‘immorality’.

With regard to ‘misuse’, the prohibition of an abuse of rights and the US copyright misuse are of relevance here. The former is one of the EU’s general principles, which prohibits circumstances where EU rights are exercised in a way that circumvents national rules or contrasts with the determined

⁴⁶ Gerald Dworkin, ‘Judicial Control of Copyright on Public Policy Grounds’ in Jan J C Kabel and Gerard J H M Mom (eds), *Intellectual Property and Information Law – Essays in Honour of Herman Cohen Jehoram* (Kluwer law International 1998) 137, 137.

⁴⁷ This concept is manifest in English copyright cases. See *Hyde Park v Yelland* [1999] (n 19) 66.

objectives.⁴⁸ Its scope thus covers all areas of EU law without a specific doctrine dealing with copyright,⁴⁹ which begs the question of whether it can perform similar functions to the US copyright misuse or the UK public policy when touching on the area of copyright. ‘The US copyright misuse’ is another concept, which falls within the ‘misuse’ aspect. Its goal is to prevent copyright owners from exercising exclusive rights beyond those granted to them by copyright law. Unlike the EU doctrine, the US doctrine is specifically designed to cope with copyright.

Clearly, both doctrines seek to impose some limits to the way legal rights are exercised by rightsholders to protect the public from harm and maintain copyright’s balance. This is compatible with the underlying principles of public policy grounds.

Public policy grounds in the morality sense derive from analysis of the UK public policy and the US copyright protection to obscene works. With respect to the former doctrine, there has been some case law in which reference was made to the inherent jurisdiction of the UK courts, which enabled them to put some restrictions onto copyright enforcement if it was contrary to ‘the policy of the law’.⁵⁰ Such non-statutory policy-based restrictions can be applied to cases where the copyright works were immoral, detrimental to public health and safety or public interest.⁵¹ Therefore, this represents the ‘emergency brake’ doctrine operating within the UK copyright regime.

The operation of the US doctrine also reflects the morality aspect of public policy grounds. The doctrine draws the line between copyrightable works and obscene materials. While the US copyright law generally guarantees that creative works are protected, the doctrine ensures that works with obscene

⁴⁸ Annekatrien Lenaerts, ‘The General Principle of the Prohibition of Abuse of Rights: A Critical Position on Its Role in a Codified European Contract Law’ (2010) 6 *European Review of Private Law* 1121.

⁴⁹ *Ibid.* 1138.

⁵⁰ Public policy and public interest were sometimes used interchangeably by the UK courts. See *Glyn v Weston Feature Film Company* [1916] 1 Ch 261 at 269 as cited in *Spycatcher* (n 45) [128], ‘the courts in the United Kingdom have the right to refuse to enforce copyright where the publication would be contrary to the public interest’.

⁵¹ *Spycatcher* (n 45) [293] (Lord Jauncey); *ZYX Music GmbH v Chris King* [1995] FSR 566, 577.

features causing harm to the society are not what the law seeks to protect.⁵² This illustrates the ‘emergency brake’ function of ‘the US copyright protection to obscene works’ doctrine available in US copyright law.

The emergency brake role in the context of public policy grounds is recognised as a balancing doctrine to which the courts can have recourse when they find it necessary that the enforcement of copyright must be withheld. It can be devised into different forms, depending on domestic needs and priorities. Against this backdrop, this thesis uses the term public policy grounds as a reference to the basis of all related doctrines.

2.2 The US copyright misuse doctrine

Copyright misuse has long been recognised in the US copyright regime as a judge-made equitable defence against copyright protection and rooted in the equitable maxim of unclean hands.⁵³ Its original rationale can be traced back to the evolution of copyright law, wherein copyright owners, through the use of licensing agreements, increasingly wielded their rights in illegitimate ways to the detriment of licensees.⁵⁴ This later became one of the US courts’ rationales for establishing a doctrine used for deterring copyright owners from exercising exclusive rights beyond those granted by law.⁵⁵ There are two grounds on which copyright misuse can be invoked – antitrust and public policy.⁵⁶

The antitrust aspect of copyright misuse originated from the patent misuse doctrine. The latter’s threshold was based on the violation of antitrust law, which is closely connected to the maxim of unclean hands.⁵⁷ Under this doctrine:

⁵² Seong Choul Hong, ‘Copyright Protection v Public Morality: The Copyright Protection Dilemma of Pornography in a Global Context’ (2013) 8(1) Asian J WTO & Int’l Health L & Pol’y 301, 303.

⁵³ Kathryn Judge, ‘Rethinking Copyright Misuse’ (2004-05) 57 Stan L Rev 901, 902; Tom W Bell, ‘Codifying Copyright’s Misuse Defence’ [2007] Utah L Rev 573, 574-6.

⁵⁴ Ibid.

⁵⁵ Ibid.

⁵⁶ Lydia Pallas Loren, ‘Slaying the Leather-Winged Demons in the Night: Reforming Copyright Owner Contracting the Clickwrap Misuse’ (2004) 30 Ohio NUL Rev 495, 513, 514.

⁵⁷ *Alcatel USA, Inc v DGI Techs, Inc* 166 F 3d 772 (5th Cir 1999).

‘a claimant who has committed acts constituting a misuse of copyright will not be permitted to obtain the assistance of the courts in enforcing his copyright – copyright misuse prevents an unclean-hand claimant from claiming copyright infringement through the misuse of his copyrights’.⁵⁸

The public policy aspect of copyright misuse came from the judgment of the Fourth Circuit Court of Appeals in *Lasercomb v Reynolds*.⁵⁹ In this case, not only did the court confirm the existence of a misuse defence inherent in copyright law just like its patent counterpart, it also extended the scope of copyright misuse to embrace the public policy aspect. Following the Fourth Circuit’s standpoint, the First,⁶⁰ Fifth,⁶¹ Ninth,⁶² and Third⁶³ Circuits have subsequently recognised legal authority of the defence based on public policy approach. This chapter will explore only the public policy approach, and the antitrust law approach is thus excluded from the analysis.

2.3 US copyright misuse cases

With copyright misuse, the doctrine of ‘unclean hands’ is at the heart of the discussion. The doctrine was first introduced into copyright law in *Rosemont v Random*⁶⁴ as a deterrent to copyright enforcement, and the Eight Circuit which made an unclear reference to the possibility of applying patent misuse in copyright infringement cases in 1988 in *United v Johnson*.⁶⁵ It was not until 1990 that a clear judgment was made by the Fourth Circuit in *Lasercomb v Reynolds*. The Court held that the misuse doctrine was applicable to copyright cases where copyright protection was used by the claimant in a way that ‘violated the public policy inherent in copyright law and, hence, rendered the claimant’s copyright unenforceable’.⁶⁶ This approach has since been widely adopted⁶⁷ as a defence in copyright infringement cases.⁶⁸

⁵⁸ *Lasercomb America, Inc v Reynolds*, 911 F 2d 970, 972 (4th Cir 1990).

⁵⁹ *Ibid*.

⁶⁰ *Data General Corp v Grumman Systems Support Corp*, 36 F 3d 1147 (1st Cir 1994).

⁶¹ *DSC Communications Corp v DGI Techs, Inc*, 81 F 3d 597, 601 (5th Cir 1996).

⁶² *Practice Mgmt Info Corp v AMA*, 121 F 3d 516 (9th Cir 1997).

⁶³ *Video Pipeline, Inc v Buena Vista Home Entm’t, Inc*, 342 F 3d 191 (3d Cir 2003).

⁶⁴ *Rosemont Enters, Inc v Random House, Inc*, 366 F 2d 303, 311 (2d Cir 1966).

⁶⁵ *United Tel Co v Johnson Publ’g Co, Inc*, 855 F 2d 604, 612 (8th Cir 1988).

⁶⁶ *Lasercomb v Reynolds* (n 58) 970. See also Judge (n 53) 902.

⁶⁷ *Practice Mgmt v AMA* (n 62); *Alcatel USA v DGI* (n 57); *Video Pipeline v Buena Vista* (n

2.3.1 Violation of public policy

The leading judgment that firmly upheld the ground of public policy derived from *Lasercomb*, which involved a software licensing agreement made for the purpose of preventing licensees from developing competing products.⁶⁹ The Fourth Circuit began its judgment by re-affirming that copyright did not protect the idea, but an expression of such an idea. It found that the clause at issue sought to restrict the licensee from implementing the idea from which the products at issue were made. This was beyond the scope of protection that copyright law conferred to the owner, and therefore anti-competitive.⁷⁰ The Court also held that, to establish copyright misuse, the question was whether copyright was being exercised in violation of public policy embodied in the grant of copyright, not antitrust law;⁷¹ '[a] no-competing licensing provision is sufficient to constitute copyright misuse – it need not be a violation of antitrust law'.⁷² Having based the decision on this approach, the examination of the actual effect on competition became moot.⁷³ Perhaps this change to a more robust and expansive basis of copyright misuse can be seen as the Court attempting to play a more broader role in dealing with concerns regarding the public interest, and tackling rightsholders' misuse practices in copyright contracts.

2.3.2 Justifications of copyright misuse on the basis of public policy

There are three main justifications that can be developed from case law; anticompetitive licencing practices, fair use safeguarding and abuse of process.

63).

⁶⁸ *Telecom Technical Servs v Rolm Co*, 388 F 3d 820, 831 (11th Cir 2004).

⁶⁹ *Lasercomb* (n 58) 976.

⁷⁰ *Ibid.* 970-979.

⁷¹ *Lasercomb* (n 58) 978. See also *re Napster, Inc Copyright Litig*, 191 F Supp 2d 1087, 1103 (ND Cal 2002).

⁷² *Lasercomb* (n 58) 978.

⁷³ *Loren* (n 56) 516.

2.3.2.1 Anti-competitive licensing practices

*Lasercomb America, Inc v Reynolds*⁷⁴

In *Lasercomb*, the Fourth Circuit ruled that a clause in the licensing agreement had been made in a way that deterred the licensee from developing the underlying production idea, and that this was anti-competitive and constituted copyright misuse.⁷⁵ Despite involving a consideration of competitive activities, the Court found that this competition-restricting justification was independent of the antitrust law approach. This is manifest from the fact that the Court focused particularly on the language used in the licensing agreement, and not on the actual effect on the claimant's market power.⁷⁶

Three interesting implications can be drawn from this case. First, copyright misuse can arise whenever the owner exercises their right in anti-competitive ways, notwithstanding it not reaching the degree in which antitrust law is violated. Second, such anti-competitive action is deemed beyond the copyright boundary and fundamental to the finding of copyright misuse. Third, copyright misuse is closely associated with the guaranteed balance of the idea/expression dichotomy and the US copyright's ultimate purpose of promoting the progress of science and useful arts.⁷⁷ In the US copyright regime, such a purpose is achieved by granting limited monopoly to copyright owners to stimulate further creativity in society. Against this background, activities that prevent others from using ideas as a basis from which new creations can be developed are not uses that copyright law seeks to protect; in fact, they are counter-productive to the greater end of public enrichment and thus contrary to the ultimate aim of copyright.⁷⁸

⁷⁴ *Lasercomb* (n 58).

⁷⁵ *Ibid.* 977-79.

⁷⁶ Brett Frischmann and Dan Moylan, 'The Evolving Common Law Doctrine of Copyright Misuse: A Unified Theory and Its Application to Software' (2000) 15(3) *Berkeley Techn L J* 865, 888.

⁷⁷ US Const, Art I, sec 8, cl 8. The idea/expression dichotomy was elaborated by the US Supreme Court in *Mazer v Stein* (1954) 347 US 201, 217, by stating that 'unlike a patent, a copyright gives no exclusive right to the art disclosed; protection is given only to the expression of the idea—not the idea itself'.

⁷⁸ See also a similar judgment in *Practice Mgmt v AMA* (n 62), where it demonstrated an unfair clause adopted in anti-competitive manner and the use of copyright monopoly beyond the

*Alcatel USA, Inc v DGI Techs, Inc*⁷⁹

Alcatel made a licensing agreement requiring his licensee to use its copyrighted software only in conjunction with its uncopied hardware.⁸⁰ By analogy, Alcatel desired to obtain a patent-like protection over its unpatented hardware. This would have deprived competitors of the right to create competing hardware.⁸¹ Such a licensing requirement clearly constituted anti-competitive behaviour and reached beyond the scope of copyright protection. By seeking to receive unfair protection for its hardware, it was also apparent that Alcatel sought to prevent others from copying its expression and the underlying idea. The Court held that Alcatel had crossed the dividing line of the idea/expression dichotomy, which forms the intrinsic balance inherent in copyright law. Failing to respect such balance may also amount to breach of copyright's purpose.

2.3.2.2 Fair-use safeguard reasoning

*Video Pipeline, Inc v Buena Vista Home Entm't, Inc*⁸²

This case involved the owner of copyrighted movies – Disney – requiring the licensee – Pipeline Inc – to only stream Disney's movie trailers offline.⁸³ Since the licensee broke that licensing agreement and streamed the trailers online, Disney accused the licensee of copyright infringement. Pipeline argued that Disney had misused its copyright by including a condition in the agreement for the purpose of restricting its licensees from making any critical comments on Disney's movies.⁸⁴ The Third Circuit held that a copyright owner's attempt to restrict critical speech directed against his copyrighted works would undermine

granted scope.

⁷⁹ 166 F 3d 772 (5th Cir 1999).

⁸⁰ Ibid. 777.

⁸¹ Ibid. 793.

⁸² 342 F 3d 191 (3d Cir 2003).

⁸³ Ibid.

⁸⁴ Ibid. 203.

the copyright's public policy goal in encouraging the dissemination of creativity to the public.⁸⁵

Under this justification, viability of the right to exercise 'fair use' can be deemed one of the public policies that copyright intends to protect. The First Amendment to the US Constitution ensures that fair use is justified by the right to freedom of expression, which is intended for promoting the progress of science and useful arts for public benefits.⁸⁶ The contractual restriction imposed on the user's right to exercise their freedom empowered by the fair-use doctrine is thus contrary to public policy. Accordingly, this can be one of the bases of the finding of copyright misuse.⁸⁷

2.3.2.3 Unprotected area of copyright or an abuse of process

***DSC Communications v DGI Technologies*⁸⁸**

DSC manufactured phone switches, which came with the licensing requirement that any competing microprocessor card developed for use with the phone switches must be compatible with its copyrighted operating system software. DGI manufactured microprocessor cards, which were used with the DSC's phone switches. In an attempt to develop its devices to be compatible with DSC's licensing requirement, DGI became involved in a number of copyright infringements by making unauthorised copies of DSC's copyrighted software. DGI argued that DSC misused its copyright in seeking to receive patent-like protection for its unpatented microprocessor, and the inclusion of such a condition amounted to misuse. If allowed, it would thus have prevented anyone from producing a competing microprocessor card even though the DSC's card was not patented.

The Fifth Circuit cited *Lasercomb* when considering about the copyright misuse defence raised by the defendant, particularly that the defence 'forbids the use of the copyright to secure an exclusive right or limited monopoly not

⁸⁵ Ibid. 204.

⁸⁶ The First Amendment to the United States Constitution.

⁸⁷ See *Bond v Blum* 317 F 3d 385, 397-98 (4th Cir 2003). The Fourth Circuit followed the Third Circuit's judgment in ruling this case.

⁸⁸ *DSC Communications Corp v DGI Techs* (n 61).

granted by the Copyright Office'.⁸⁹ Following this principle, the Fifth Circuit held that the defence operated to limit the exercise of copyright monopoly over microprocessor cards in a way that deterred the culpable DSC from relying on an action for infringement. The Court also established that a grant of exclusive rights to the authors went hand-in-hand with an inherent duty to protect public policy encapsulated in the US Constitution and laws. This upholds the well-established concept that copyright not only promotes the progress of science and useful arts, but also prevents the use of limited monopoly beyond those conferred by the law.

Assessment Technologies of Wisconsin, LLC v WIREdata Inc⁹⁰

The public policy approach was extended to cover misuse arising from a claim outside copyright scope. In this case, the defendant was restricted from accessing public information claimed by the claimant to have copyright protection. An injunction was issued by the against WIREdata's request to access information regarding specific properties held by Wisconsin Tax Assessors for tax assessment purposes. However, WIREdata argued that, although the compiled computer-generated data developed by the claimant may be copyrightable, the requested data was not the compiled, but rather the raw data; thus, it was in the public domain and not copyrightable. The Seventh Circuit agreed with the defendant and held that the claimant may have had ownership in the compilation of data, but not in the data itself.⁹¹ This reflects the need to maintain the balance between ideas and expressions, one of the important principles underpinning copyright law. Therefore, the court established that a claim of copyright to prohibit others from obtaining publicly available data which was neither copyrightable nor copyrighted, was against the purposes of copyright. Such a claim constituted copyright misuse.⁹²

This third justification of abuse of process broadens the interpretation of

⁸⁹ *Lasercomb* (n 58) 972, 976.

⁹⁰ 350 F 3d 640 (7th Cir 2003).

⁹¹ *Ibid.* 641-42.

⁹² *Ibid.* 647.

copyright misuse.⁹³ This far-reaching aspect can be used when dealing with circumstances where copyright owners excessively claim copyright monopoly to the prejudice of the public. This widened ground could also embrace situations where the use of copyright subverts competition rules and rights to fair use.

2.3.3 Summary

Concerning the scope of copyright misuse based on public policy, the analysis suggests three main justifications whereby copyright can be found misused: anti-competitive practices, restriction of fair use, and copyright claim outside the granted scope. The anti-competition ground covers the situation where a copyright claim is used to prevent users from competing in the market by deterring them from developing the ideas behind the copyright-protected products. This reflects the idea/expression dichotomy, one of the concepts underpinning the US copyright L&Es regime. Copyright is also misused when it is claimed in a way that restricts others from dealing with the protected products in a fair-use manner. The misuse generally underlies an attempt to extend copyright infringement claims over its reach.

Considering the objectives of each justification, although copyright misuse can be raised from different perspectives, they tend to converge towards ensuring that copyright protection is not used in a monopolistic way to the detriment of the US copyright policy – ‘to promote the progress of science and useful arts’.⁹⁴ Entrenched at the constitutional level, US copyright’s ultimate goal calls for the widest dissemination of creations and innovation for the public good. One can then regard public policy as the balanced intersection between the two sides of the copyright spectrum – granted monopoly for individual interests and fair use for public interests. The issue is whether the rights granted to rightsholders are exercised beyond the scope of the limited privileges conferred by the law. If the answer is affirmative, the public policy embodied in copyright law is violated, and copyright misuse is deemed to have occurred.

⁹³ Ibid.

⁹⁴ US Const, Art I, sec 8, cl 8.

2.4 The prohibition of abuse of rights under EU law

Unlike the US legal regime, there is no certain misuse doctrine specifically adopted in the EU legal regime to cope with the exercise of copyright in violation of public policy. However, the doctrine of abuse of rights, as recognised by member states, revolves around the circumstances where EU legal rights conferred to individuals are used ‘in a manner which is unreasonable, with consequent harm to another, whether there was an intent to harm or mere carelessness or indifference as to harm resulting’,⁹⁵ or which deviates from underlying legal purposes. It is thus worth examining how the doctrine of abuse of rights can reflect the role of public policy grounds in the context of copyright misuse.

Generally speaking, when something is abused, people would probably agree that the abuse deserves neither favourable outcome nor any benefits, but rather condemnation.⁹⁶ This is implicit in law when an attempt is made to establish a dividing line between use and abuse of legal rights.⁹⁷ The prohibition of abuse of rights (PAR) is derived from the German and French legal concepts.⁹⁸ The German concept of the prohibition of chicanery was inserted into the German Civil Code in Section 226, which states that ‘the exercise of a right is not permitted if its only possible purpose consists in causing damage to another’.⁹⁹ Another root of the doctrine, which is more reflective to the modern principle of PAR, can be seen in French law with two different, but related, concepts:¹⁰⁰

1. *Abus de droit*; ‘the exercise by a person of his or her rights in an excessive manner which causes harm to another’;¹⁰¹
2. *Fraude à la loi* – ‘person exercising his rights in a way that

⁹⁵ Lenaerts (n 48) 1128.

⁹⁶ Merike Saarmann, ‘Use Versus Abuse of Community Law – Where to Draw the Line?: Constructing the scope of abuse in the free movement of persons cases’ [2009] 3 <<http://media.leidenuniv.nl/legacy/thesis-merike-saarmann.pdf>> accessed 14 January 2015.

⁹⁷ Ibid.

⁹⁸ Michael Taggart, *Private Property Rights and Abuse of Rights in Victorian England* (OUP 2002) 145.

⁹⁹ *Bundesgesetzblatt* (BGB, Federal Law Gazette) The German Civil Code in the version promulgated on 2nd January 2002 (I page 42, 2909; 2003 I page 738).

¹⁰⁰ See more detail in Pierre Schammo, ‘Arbitrage and Abuse of Rights in the EC Legal System’ (2008) 14 ELJ 351, 354-6.

¹⁰¹ *Cour de Colmar*, 2 May 1855, DP 56.2.9.

places himself in a specific legal situation with the intent to avoid or to circumvent otherwise applicable mandatory provisions'.¹⁰²

Another source from which PAR may have originated concerns Article 54 of the Charter on Fundamental Rights of the European Union (CFREU). The provision corresponds to Article 17 ECHR, both of which prohibit any activity aimed at the destruction of any of the rights and freedoms recognised in the documents, or application to a greater extent than is provided therein.¹⁰³ That CFREU became legally binding as part of EU treaties on the entry into force of the 2009 Treaty of Lisbon, which states that 'in principle Article 54 may interact with all rights and freedom'.¹⁰⁴ However, due to its restrictive wording and narrow scope of application, there has been a lack of European Court of Justice (ECJ) jurisprudence in relation to Article 54 precedents and development.¹⁰⁵ Despite the similarity between the abuse of rights doctrine adopted at national level and Article 54 CFREU in terms of examining the original objectives of the rights abused, their ultimate goals are not necessarily consistent.¹⁰⁶ It has been doubted whether Article 54 CFREU provides a legislative basis or is instrumental in constitutionalising and forming a universal acceptance of the general principle of EU law status of the judge-made abuse of rights doctrine.¹⁰⁷

2.4.1 Entry and current application in EU law

The question of whether or not the PAR doctrine has gained the status of an 'EU general principle' is still equivocal; what is clear is that the doctrine has entered into the EU legal regime through two primary ways – adoption by

¹⁰² *Princesse de Bauffremont* (Cour de Cassation, 1876) 78 S I-193.

¹⁰³ Although, according to Steve Peers and others (eds), *The EU Charter of Fundamental Rights: A Commentary* (Hart Publishing 2014) paras 54.02, 54.22, Art 54 CFREU derives from several sources, its explanations were originally prepared under the authority of the Praesidium of the ECHR who later drafted the CFREU.

¹⁰⁴ *Ibid.*

¹⁰⁵ Norbert Reich, *General Principles of EU Civil Law* (Intersentia 2014) 189-210. Most of relevant case law can nevertheless be found in ECtHR jurisprudence, mostly concerning restrictions justified by Art 17 ECHR against hate speech. See Peers and others (n 92) paras 54.24-25, 54.30 and case law cited therein.

¹⁰⁶ Peers and others (n 103) para 54.45; Reich (n 105) 189-212.

¹⁰⁷ *Ibid.*

member states and recognition by the ECJ.¹⁰⁸ It first appeared in the laws of member states both in the forms of codified provisions and non-statutory equitable doctrines. Despite those varied forms, they were primarily directed at combatting the situation where the exercise of EU legal rights by individuals had led to circumvention of national laws.¹⁰⁹ It is this clash between EU laws and those of member states that had later become an issue which the ECJ has tried to reconcile in several cases brought before it. Against this background, there has subsequently been a uniform recognition of PAR by the ECJ as an ‘emergency brake’ tool used to rectify circumstances where EU legal rights are abused in a way that constitutes an unintended outcome or is contrary to their underlying objectives.¹¹⁰

2.4.2 The EU and ‘the prohibition of abuse of rights’

Before considering this doctrine through the lens of copyright, there should be a comprehensive understanding of the circumstances in which abuse of rights is deemed to have occurred. This part will therefore examine some prominent case law to explore how the ECJ has dealt with abuse of rights in different legal areas, and how each of its decisions helps to shape the scope and criteria of the doctrine.

2.4.2.1 Broad ambit of an abuse of rights in circumvention cases: *Van Binsbergen*¹¹¹

Van Binsbergen was the first case where the alleged abuse of rights in the context of circumvention was brought into focus. The case revolved around the freedom to provide services guaranteed by Article 59 of the EEC Treaty¹¹² and concerned the situation where, under Dutch rules, a national who had already moved to establish himself in another state (Belgium), was deprived of his

¹⁰⁸ Lenaerts (n 48) 1122-24.

¹⁰⁹ See, for example, cases concerning circumvention of national laws in Case 33/74 *Van Binsbergen v Bedrijfsvereniging Metaalnijverheid* (1974) ECR 1299; Case C-212/97 *Centros Ltd v Erhvervsog Selskabsstyrelsen* (1999) ECR I-1459.

¹¹⁰ Key cases for this concept are Case C-110/99 *Emsland-Stärke GmbH v Hauptzollamt Hamburg-Jonas* (2000) ECR I-1569; Case C-321/05 *Kofoed v Skatteministeriet* [2007] ECR I-5795; C-196/04 *Cadbury Schweppes* [2006] ECR I-7995. See also Saarmann (n 96) 3.

¹¹¹ Case 33/74 (n 109) para 13.

¹¹² The Treaty Establishing the European Community (as amended by subsequent Treaties, Rome, 25 March 1957) (The EEC treaty), Art 59 Part three, title III.

right to carry out his duty as a legal representative in the Netherlands. In solving this confrontation between the freedom granted under Article 59 and restrictive Dutch law, the ECJ confirmed that a member state was not prohibited to take any measures under ‘judicial control’ of an individual whose exercise of the freedom conferred by Article 59 was ‘entirely or principally’ destined for avoiding national regulations which would be applicable to him were he established in that state.¹¹³

Although the word ‘abuse’ was not used in the ECJ’s judgment, it was evident that, firstly, the objective of freedom to provide services within the EU legal regime seeks to abolish national discrimination and guarantee the ability of businesses and professionals to move freely within the EU’s single market.¹¹⁴ Secondly, it was apparent that the activity at issue was not intended to achieve such objective, but rather to avoid professional rules of conduct set out by Dutch law. There was an implication that, by giving a state the right to exercise judicial control and adopt national measures to combat circumvention cases, the ECJ viewed such circumstances as falling within the ambit of PAR. Furthermore, the phrase ‘*wholly or principally directed towards its territory [...] for the purpose of avoiding*’¹¹⁵ seems to be the only condition imposed on states when establishing national measures in cases of alleged circumvention. Accordingly, it indicates that the ECJ left considerable room for national authorities to adopt measures preventing abusive behaviour, i.e. circumventions of national laws.¹¹⁶ This broad proposition of the prohibition of abuse of rights laid down in *Van Binsbergen* was later followed by *Knoors*,¹¹⁷ *Leclerc*¹¹⁸ and *Lair*¹¹⁹ in areas of free movement of establishment, goods and workers respectively, with slightly different terms used for abuse in different

¹¹³ Case 33/74 (n 109) para 13.

¹¹⁴ Mariusz Maciejewski and Kendra Pengelly, ‘Freedom of establishment and freedom to provide services’ [2016] <http://www.europarl.europa.eu/atyourservice/en/displayFtu.html?ftuId=FTU_3.1.4.html> accessed 15 July 2015.

¹¹⁵ Case 33/74 (n 109) para 13.

¹¹⁶ See also Case 81/87 *The Queen v H M Treasury and commissioners of Inland Revenue* [1988] ECR 5483 para 23-24, which is supportive of *Van Binsbergen*.

¹¹⁷ Case 115/78 *J Knoors v Staatssecretaris van Economische Zaken* (1979) ECR 399.

¹¹⁸ Case 229/83 *Leclerc and Others v 'Au Blé Vert' and Others* (1985) ECR I para 27.

¹¹⁹ Case 39/86 *Lair v Universität Hannover* (1988) ECR 3161 para 43.

legal aspects.¹²⁰

2.4.2.2 Weighing an abuse with objectives of EU law: *Centros*¹²¹

Centros is another milestone circumvention case, where the scope of PAR was nevertheless made subject to the objectives of EU law. It pertains to the situation where a Danish authority refused to register the company's branch owned by a Danish national, who sought to exercise his freedom of establishment conferred by EU law. The authority argued that the exercise sought to avoid strict Danish rules of minimum share capital. Indeed, the company intended to obtain legal benefits regarding minimum share capital conferred by Articles 43 and 48 of the EC Treaty by establishing its headquarters in the UK, whilst attempting to register its branch in Denmark. This was despite its primary trading presence in Denmark and an absence of trading activities in the UK. Hence, such circumvention of national rules constituted an abuse of rights.

The question brought before the ECJ was whether the Danish authority was in breach of the Articles in refusing branch registration under the abuse of rights allegation, even though the exercise of such freedom seemed not to be in breach of the underlying objective for which freedom of establishment was granted.

Having deviated from the firmly-recognised concept of national anti-abuse measures in *Van Binsbergen*, the ECJ had to consider this case 'in the light of the objectives pursued by those EU provisions'.¹²² As an objective of freedom of establishment is justified by the principle of the EU single market,¹²³ it held that choosing to establish the company in the UK where the relevant rules seemed more beneficial was permissible under the EU single-market objective encapsulated in Articles 49 and 54 TFEU.¹²⁴ This is despite the fact that

¹²⁰ In Case 115/78 (n 117), the ECJ said 'wrongly to evade the national law', whilst in Case 229/83 (n 118) and Case 39/86 (n 119), the phrase 'for the sole purpose [...] to circumvent' was similarly used.

¹²¹ Case C-212/97 *Centros* (n 109).

¹²² Ibid. paras 24-25.

¹²³ Ibid. paras 24, 27.

¹²⁴ Ibid.

business activities were primarily conducted in Denmark where the rule of minimum share capital payment was strict and intentionally circumvented. Accordingly, there was no circumvention in this case. This case seems to constitute a restriction on the state's right to implement anti-abusive measures as individuals are entitled to circumvent national rules as long as their conduct is in conformity with the objectives of EU provisions.

Thus, although the ECJ has failed to identify definite criteria for PAR, it has established that the doctrine must be considered under the conditions of supremacy and objectives of EU law.

2.4.2.3 Establishment of the 'abuse test': *Emsland-Starke*¹²⁵

PAR was of narrow scope until the judgment in *Emsland-Starke*, when it was expanded to cover not only circumvention of national rules, but also 'the abusive or fraudulent exercise of rights conferred by Union law'.¹²⁶ The judgment also provided certain parameters of the doctrine.

This case relates to the alleged abuse of rights to obtain an export refund on agricultural products, conferred by Regulation 2730/79.¹²⁷ The rationale behind this EU right aims to make Community products competitive in the world market. It does so by granting compensation to exporters in the form of a non-differentiated export refund for the difference between product prices within the Community and international market prices.¹²⁸ A German exporter sought to exercise this right by creating artificial transactions as though his products were exported to Switzerland, and as such eligible for the export refund. He was also cooperating with the importer to later ship the products back to Germany unchanged. This was described by the German authorities as an 'unduly granted refund', which the exporter should not be allowed to seek. The fundamental question in this case was whether such unduly granted refund could be deemed permissible or abusive.

¹²⁵ Case C-110/99 (n 110).

¹²⁶ Lenaerts (n 48) 1133.

¹²⁷ Commission Regulation 2730/79/EEC of 29 Nov 1979 on the application of the system of export refunds on agricultural product [1979] OJ L317/1.

¹²⁸ Case C-110/99 (n 110) paras 70, 73 (AG Alber).

The ECJ established the two-fold test under for a finding of abuse.¹²⁹ The test comprises objective and subjective elements. With regard to the objective element, the ECJ stated that this facet would be satisfied when, ‘despite formal observance of the conditions laid down by the Community rules, the purpose of those rules has not been achieved.’¹³⁰ In other words, a comparison should be made between the purpose of EU rule and that of activity at issue to examine whether the latter is manifestly inconsistent with the former. In this case, the exporter adopted an abusive re-import strategy to exploit the conferred right for the mere purpose of gaining personal benefits. Thus, such adoption was contrary to the genuine purpose of the granted right.¹³¹

With respect to the subjective element, there must exist ‘an intention to obtain an advantage from such EU right by creating artificially the conditions laid down for obtaining it’.¹³² In considering this aspect, the ECJ admitted that there was an intricacy in ascertaining a subject’s intent to obtain benefits from EU provisions, especially when it came to legal persons.¹³³ Thus, instead of attempting to read an individual’s mind and establishing their motive, it sought to rely on ‘objective circumstances’.¹³⁴ This concept examined the collusion between the exporter and the importer in the other country in light of genuine and artificial characters of economic activities to establish the subjective element.¹³⁵ Nevertheless, the criterion of this subjective element was still subject to uncertainty.

The Court in this case firmly recognises that abuse of rights can be established on the fulfilment of test, ‘provided that the effectiveness of Union law is not undermined’.¹³⁶ It also enlarged the scope of the doctrine to embrace situations where not only national rules are circumvented, but also when the EU rights are used in a manner contrary to their objectives.

¹²⁹ Ibid. paras 52-53.

¹³⁰ Ibid.

¹³¹ Ibid. paras 55, 59.

¹³² Ibid. paras 52-53.

¹³³ Ibid. paras 51, 54.

¹³⁴ Case C-255/02 *Halifax and others v Commissioners of Customs and Excise* [2006] ECR I-1609.

¹³⁵ Case C-110/99 (n 110) para 53.

¹³⁶ Ibid. paras 54, 59.

2.4.2.4 Further development of the test: *Halifax*¹³⁷

In *Halifax*, the ECJ shed the light on an ambiguity in the scope of the prohibition of abuse of rights and its subjective element. This case concerns a UK banking company who relied on the right granted by the Sixth Council Directive to set up a scheme for which its genuine purpose was the recovery of the full amount of VAT incurred.¹³⁸ The underlying question was whether the legal person involved in a series of artificial transactions was, under EU law, entitled to the input VAT deduction.

In determining whether an abuse had occurred, the two-tier test set out in *Emsland-Starke* was adopted to consider, firstly, whether the transactions at issue led to ‘the accrual of a tax advantage, the grant of which would be contrary to the purpose of those provisions’.¹³⁹ Secondly, it examined whether the aim of the said transactions was to obtain a tax advantage.¹⁴⁰ The ECJ acknowledged that some circumventions could be deemed legitimate if the way in which corporate entities structured their business for limiting their tax liability did not consist of abusive practices.

Of particular interest in this case was the slight difference in views given between Advocate General Maduro and the ECJ as regards establishment of the subjective element. Maduro was of opinion that such elements cannot be evaluated by reading subjects’ minds but only by ‘objective consideration’. This means that the practice in question cannot be grounded under any other aims than ‘solely’ relying on the application of the EU provisions in a contradictory manner to their purposes.¹⁴¹ The ECJ preferred to consider the ‘essential aim’, which means that the threshold of an abuse of rights can be more easily triggered if one of the aims relied on was contrary to their purposes.¹⁴²

¹³⁷ Case C-255/02 (n 134).

¹³⁸ Ibid. paras 12-29. Sixth Council Directive 77/388/EEC of 17 May 1977 on the harmonisation of the laws of the Member States relating to turnover taxes.

¹³⁹ Case C-255/02 (n 134) para 74.

¹⁴⁰ Ibid. paras 74, 75, 81.

¹⁴¹ Ibid. paras 70, 71 (AG Maduro).

¹⁴² Ibid. para 81. See also later cases C-196/04 (n 110) paras 64-67; Case C-321/05 (n 110) paras 57-58.

Despite lack of clarity of the terms ‘solely’ and ‘essential’ used, this case contributes to several important conclusions. Firstly, it ensures that the prohibition of abuse of rights is applicable to other areas of EU law, including taxation.¹⁴³ Secondly, it confirms the usability of the abuse test proposed in *Emsland-Starke* and further refines the criteria under which the motive can be objectively ascertained.¹⁴⁴ Thirdly, it endorses the judgment in *Centros* that not every circumvention or activity that gives rise to personal benefits is illegitimate; in fact, gaining without abuse can be deemed lawful.¹⁴⁵

2.4.2.5 Refinement of subjective element: *Cadbury Schweppes*¹⁴⁶

This case clarifies an uncertain area of the subjective limb and upholds the *Halifax* proposition that the ambit of the doctrine has been widened to cover other areas of EU law, including the non-harmonised area of corporate taxation.¹⁴⁷ It revolves around the situation where a legal person exercises their freedom of establishment conferred by Articles 43 and 48 of the EC treaty. Cadbury did so for the purpose of choosing the most favourable jurisdiction (Ireland) for their business establishment to circumvent more restrictive UK rules and a higher tax rate.¹⁴⁸ Prior to this case, the behaviour may have been deemed abusive and amounted to an abuse of rights. This is because its aim was principally directed at obtaining personal gain by circumventing national rules regarding corporate tax, and fraudulently taking advantage of the EU right to freedom of establishment. As such, this was contrary to the purpose of Community law.

However, following the guidelines from *Centros* and *Halifax*, the ECJ assured that the so-called ‘tax location shopping’ activity by a corporate entity ‘for the purpose of benefiting from the favourable tax regime which that establishment

¹⁴³ Case C-255/02 (n 134) para 70. See also Ana Bobic, ‘Prohibition of abuse of rights’ [2011] 25 <https://www.pravo.unizg.hr/_download/repository/Bobic_thesis_final.pdf> accessed 18 February 2015.

¹⁴⁴ Frans Vanistendael, ‘Halifax and Cadbury Schweppes: one single European theory of abuse in tax law?’ (2006) 4 EC Tax Review 192.

¹⁴⁵ Ibid. 193; Lenaerts (n 48) 1136.

¹⁴⁶ Case C-196/04 (n 110).

¹⁴⁷ Ibid. para 46.

¹⁴⁸ Ibid. para 57.

enjoys’ did not constitute abuse *per se*.¹⁴⁹ Interestingly, the ECJ also ruled this case in a way that seemed to support AG Maduro in *Halifax*. It explained that, despite tax-avoiding motives and circumvention of national law, the UK anti-tax avoidance measure cannot be applied to the activity in which it partially constituted ‘genuine economic activity’. In other words, the said activity could be deemed abusive only when it amounted to ‘wholly artificial arrangement (sole purpose)’.¹⁵⁰ Evidently, there is a distinction between ‘partially’ and ‘wholly’ artificial arrangement and only the latter type can fulfil the subjective requirement.

This case illustrates that the subjective test is met when a party’s intention consists of the ‘sole purpose’ to obtain personal advantage from EU rules, without any genuine economic activity taking place.

2.4.2.6 Recognised status of a general principle of EU law: *Kofoed*¹⁵¹

The term PAR emerged for the first time in this circumvention case regarding the EU tax exemption regime. The case concerns the right conferred by Article 8(1) of Directive 90/434,¹⁵² which allowed for income tax exemption on the exchange of shares between an acquiring company represented by Mr. Kofoed and shareholders in an acquired company situated in different member states. The exemption was subject to specific conditions laid down in Article 2(d) of the same Directive. The acquiring company attempted to fulfil those conditions by creating a commercial transaction within the meaning of Article 2(d) to be eligible for the tax exemption.

The ECJ found that the commercial transaction was not properly conducted but intended to ‘fraudulently and improperly circumvent national rules of taxation’, in which case the party should not be entitled to tax exemption,¹⁵³ and that this tax-avoiding activity was prohibited by Article 11(1)(a) of the

¹⁴⁹ Ibid. para 58.

¹⁵⁰ Case C-196/04 (n 110) para 75. See also n 141 for AG Maduro’s proposition.

¹⁵¹ Case C-321/05 (n 110).

¹⁵² Ibid. Council Directive 90/434/EEC of 23 July 1990 on the common system of taxation applicable to mergers, divisions, transfers of assets and exchanges of shares concerning companies of different Member States, Art 2(d), 8(1).

¹⁵³ Case C-321/05 (n 110) para 36.

Directive. The provision permits member states to refuse any tax exemption benefits obtained from Article 8(1) provided that the exchange of shares at issue gives rise to tax evasion.¹⁵⁴ As the ECJ observed, such a provision suggested that the exercise of EU rights cannot embrace abusive behaviour and the transactions were made contrary to normal commercial operations with the sole purpose of fraudulently gaining benefits granted by EU law.¹⁵⁵ So far, this is seen as a certain criterion for finding an abuse of rights.

Another contribution of this case is that, by referring to such a principle preventing tax evasion, the ECJ regarded Article 11(1)(a) as a reflection of ‘a general Community law principle’ prohibiting abuse of rights.¹⁵⁶ Therefore, it is now apparent that there is a formal recognition that, as one of EU general principles, the scope of PAR can be broadened to apply to all areas of EU law in the light of criteria provided above.¹⁵⁷

2.4.3 Summary

The principle of PAR has two dimensions.¹⁵⁸ It prevents circumstances where the EU right is exercised for the sole purpose of circumventing national rules or abusively taking advantage of EU law as opposed to its genuine purpose.

With regard to scope and criteria, a firm recognition of its status as a general principle of EU law by the ECJ suggests that the doctrine containing the two aspects can be applied to all areas of EU law.¹⁵⁹ Particularly, the finding of abuse is subject to the conditions that, firstly, the purpose of the EU right at issue has not objectively been achieved; and, secondly, the activity from which

¹⁵⁴ Ibid. para 37.

¹⁵⁵ Ibid. para 38. See also Case C-212/97 (n 109) para 24; Case C-255/02 (n 134) paras 68, 69; Case C-196/04 (n 110) para 35.

¹⁵⁶ Case C-321/05 (n 110) para 38. See also Lenaerts (n 48) 1138.

¹⁵⁷ Takis Tridimas, ‘Abuse of Right in EU Law: Some Reflections with Particular Reference to Financial Law’ (2009) Queen Mary School of Law Legal Studies Research Paper No 27/2009, 37 <<http://ssrn.com/abstract=1438577>> accessed 20 August 2017; Peter Slegtenhorst, ‘Abuse of Rights in EU VAT: The Court’s Tool to Introduce a New General Principle of EU Law’ (2015) Master diss, Lund Uni, secs 3.2-3.3. See also Reich (n 105) Ch. 7.

¹⁵⁸ This division is also pointed out by AG Maduro in Opinion to Case C-255/02 (n 134) para 63.

¹⁵⁹ In Reich (n 105) Ch. 7 and Slegtenhorst (n 157) 50-52, the doctrine shows all necessary features to be recognised as the general principle of EU law, particularly in certain areas of EU law, i.e. free movement tax and financial law; but it is still on the verge of receiving a fully harmonised recognition and consistent adoptions by EU member states in other areas.

the right derives is not aimed at pursuing the underlying aim of EU law, but solely at abusively acquiring personal benefits conferred by such rights. The latter element, if not manifestly ascertainable, can be evaluated on the ground of ‘objective circumstance’. All these criteria should however be counterbalanced with the effectiveness of EU law’s objectives in the light of the principle of freedom in the EU single market.¹⁶⁰ This counterbalance is justified by the proposition that not every circumvention of national rules, nor every self-benefiting claim of EU legal rights is illegitimate. Only the ‘sole purpose’ of such gains or the ‘whole artificial arrangement’ can constitute abuse.

Provided that these criteria are considered in the context of the EU copyright regime, PAR can be deemed as an EU version of copyright’s public policy doctrine in the ‘misuse’ sense. It should function to deter an improper exercise of copyright that goes beyond the ultimate copyright’s policy and purposes.

2.5 The UK Public Policy Doctrine

Unlike the two doctrines analysed above, the UK public policy doctrine conveys a strong sense of morality. It represents the principle that the courts may refuse to enforce copyright in works containing immoral or misleading material. It seeks to protect the society from destruction or detrimental effect caused by the exercise of copyright.¹⁶¹ The origin of this principle dates back to more than two hundred years ago when an English judge, who described himself as ‘a faultfinder’, regarded works offending public sensibilities inapt to deserve copyright protection.¹⁶²

However, this English doctrine is not statutorily provided, but inherent in the ‘general equitable jurisdiction’ of the courts.¹⁶³ Its development is thus subject

¹⁶⁰ See Case C-212/97 (n 109). See also http://ec.europa.eu/internal_market/top_layer/index_en.htm, the EU internal market (sometimes known as the single market) seeks to guarantee the four freedoms - free movement of goods, capital, services, and people – within 28 member states.

¹⁶¹ Laddie, Prescott and Vitoria (n 6) para 20.2.

¹⁶² Ibid. para 20.3. See also *Southey v Sherwood and Others* (1817) 2 Mer 435; *Lawrence v Smith* (1822) Jac 471.

¹⁶³ *Spycatcher* (n 45) 293 (Lord Jauncey).

to judicial discretion in accordance with the consideration of perceived public policy. Before 1988 – the year in which CDPA came into effect – there was no statutory public interest defence in English copyright law, and cases predating the 1988 Act relied on the common law doctrine of public policy. While the enactment of s 171(3) CDPA was not intended to make new law and, thus, allowed the public policy doctrine to be raised on a statutory basis, its scope is still incapable of precise definition and its application as a legal device to usurp statutory rights is still far from dependent on the legislative wordings, but rather the courts’ discretion.¹⁶⁴ Without a statutory basis, it has become uncertain in which circumstances the courts can invoke the public policy justifications to frustrate statutory copyright.

2.5.1 UK cases on the grounds of public policy

Hubbard v Vosper provides the first category of what could fall within the scope of public policy – ‘reprehensible nature of works’.¹⁶⁵ This can be classified into two sub-categories; immoral and deceptive.¹⁶⁶ *Spycatcher* extended the scope to cover ‘reprehensible conduct’,¹⁶⁷ and these categories are reflected in the structure of the following case law analysis.

2.5.1.1 Reprehensible nature of works – works offending public sensibilities: immoral, irreligious and highly indecent

Walcot v Walker,¹⁶⁸ *Southey v Sherwood*,¹⁶⁹ *Murray v Benbow*¹⁷⁰ and *Lawrence v Smith*¹⁷¹

Lord Eldon, who provided judgments in all of these pioneering cases regarding public policy grounds, rendered the works at issue offensive to public sensitivities as the first two were libellous, and the others were irreligious.¹⁷² It

¹⁶⁴ See the historical background of the defence in Sims (n 7) 335; Robert Burrell and Allison Coleman, *Copyright Exceptions: the Digital Impact* (CUP 2005) 94.

¹⁶⁵ *Hubbard v Vosper* (n 6).

¹⁶⁶ *Glyn v Weston* (n 50); *Slingsby v Bradford Patent Truck and Trolley Co* [1906] WN 51.

¹⁶⁷ *Spycatcher* (No 2) (n 45). See also Dworkin (n 46) 138, using the title ‘Reprehensible Copyright Works and/or Reprehensible Authors or Owners’.

¹⁶⁸ *Walcot v Walker* (1802) 7 Ves 1.

¹⁶⁹ *Southey v Sherwood* (n 162).

¹⁷⁰ *Murray v Benbow* (1822) 1 Jac 474.

¹⁷¹ *Lawrence v Smith* (n 162).

¹⁷² Sims (n 41) 190-91; Laddie, Prescott and Vitoria (n 6) para 20.3.

was also of his opinion that the dissemination of those types of works was liable to injure the public, and the works were of such a nature that the authors could maintain no legal action.¹⁷³ In other words, his proposition implies that the author would have as much chance of success to retain his right to property on such works as ‘the proverbial snowball in hell’ and copyright protection is denied as such.¹⁷⁴

Stockdale v Onwhyn¹⁷⁵

The work in question – the memoirs of Harriette Wilson – depicted some lustful and immoral episodes from a prostitute’s life. The Court held that neither the printer nor the publisher of such work was entitled to any legal benefits, i.e. printing costs or damages caused by piracy, arising from copyright protection.¹⁷⁶ This was because ‘the dissemination of such obscene work violated the law’.¹⁷⁷ In this case, the Court seemed to tie copyrightability of creative works with morality, and based this concept on the so-called principle of unclean hands.¹⁷⁸

Glyn v Weston¹⁷⁹

The work in question was the novel *Three Weeks* by Eleanor Glyn. It was the story of young Englishman who had a clandestine affair for three weeks with the Ruritanian queen, who bore his child. After the murder of the queen, the king was assassinated, and the child became his successor. The claimant claimed interim injunction and damages on the ground that her literary work was substantially reproduced in a film called *Pimple’s Three Weeks*. The film was then commercialised by the defendant without authorisation. Younger J.

¹⁷³ *Southey v Sherwood* (n 162) 437. See also Jeremy Phillips, ‘Copyright in Obscene Works: Some British and American Problems’ (1977) 6 Anglo-AM L. Rev 138, 140.

¹⁷⁴ Zechariah Chafee, ‘Coming into Equity with Clean Hands’ [II] (1949) 47 MLR 1065-1067. *Southey v Sherwood* (n 162) 1008; *Walcot v Walker* (n 168), the court’s finding that no property right existed for Walcot’s seditious and pernicious work can be said to rely on ‘the property theory’.

¹⁷⁵ *Stockdale v Onwhyn* (1826) 5 B & C [173].

¹⁷⁶ Dan W Schneider, ‘Authority of the Register of Copyrights to Deby Registration of a Claim to Copyright on the Ground of Obscenity (1975) 55(3) CHI – KENT L Rev 691, 696.

¹⁷⁷ Ibid.

¹⁷⁸ Dan Markel, ‘Can Intellectual Property Law Regulate Behaviour? A Modest Proposal for Weakening Unclean Hands’ (2000) 113 HARV L REV 1503, 1504.

¹⁷⁹ *Glyn v Weston* (n 50).

held that the ‘claimant’s novel representing free love and justified infidelity was of grossly immoral tendency and the film contained incidents of an indecently offensive character’.¹⁸⁰ Therefore, neither of them was entitled to copyright protection.¹⁸¹ This case evidently endorses the proposition that the work’s reprehensible aspect deprives it from receiving any assistance of the courts.

2.5.1.2 Fraudulent works – extending public policy to cover misrepresentation

Wright v Tallis¹⁸²

This case concerns the religious book *Evening Devotions*, written by Christian Sturm, a German national. The argument arose between the claimant who sued for copyright infringement due to unauthorised copies, and the defendant who contended that the claimant deceived the public by fraudulent misrepresentation. In particular, he argued that the claimant intentionally misrepresented the book to be an original version by Sturm. Judgement was made for the defendant and the claimant’s claim of copyright piracy due to misrepresentation was dismissed.¹⁸³ The case extended the public policy justification to include misrepresenting or fraudulent works.

This proposition was again manifest in *Slingsby v Bradford*,¹⁸⁴ in which the Court rejected the claimant’s petition for equitable remedies conferred by copyright law, as ‘the work made false statements with an intention to deceive the public’.¹⁸⁵

2.5.1.3 Reprehensible conduct – turpitude and iniquity

It was not until 1988 that the English courts were faced with the situation where, despite the acceptable nature of works, the author’s conduct was condemnable.

¹⁸⁰ Ibid. 269-270.

¹⁸¹ Ibid. 264.

¹⁸² *Wright v Tallis* (1845) 135 ER 794.

¹⁸³ Ibid. 800.

¹⁸⁴ *Slingsby v Bradford Patent Truck and Trolley Co* [1906] WN 51.

¹⁸⁵ Ibid. See also Sims (n 41) 191

Spycatcher¹⁸⁶

This case involved a former British secret service officer, Peter Wright, who wrote the book *Spycatcher*, in which he revealed many events from his service which threatened national security. Although the confidentiality claim was frustrated due to the publication of the book in Scotland, Australia and elsewhere, the Court held that not only current employees, but also former employees of security services had a life-long duty of confidentiality owed to their employer, in this case the British government. This duty obliged them to keep matters regarding intelligence services in confidence.¹⁸⁷ Hence, breach of such obligation would reek of turpitude, and thereby be contrary to public policy in preventing national security from harm. In such case, it would, as the court opined, be incomprehensible if the author or subsequent publishers were afforded ‘any protection in relation to any copyright which either of them may possess in the book’.¹⁸⁸

Despite an inapplicability of the breach of confidence claim, the Court had recourse to the equitable doctrine of public policy inherent in copyright law to maintain justice and fairness in favour of national interests. It therefore took the position that the author of copyrighted work was not entitled to any benefits under copyright law if their conduct was so reprehensible that it was likely to pose any threat or harm to national security, as to hold otherwise would have violated public policy. Unlike in *Glyn v Weston*, rather than the reprehensible nature of the work itself, it was the author’s reprehensible conduct regarding the acquisition of the information that precluded him from receiving any court’s assistance. Nevertheless, it was still unclear whether copyright in the work was totally denied or just unenforceable.

A-G v Blake¹⁸⁹

Like the author of *Spycatcher*, Blake was a former British intelligence service

¹⁸⁶ *Spycatcher (No 2)* (n 45). Marta Iljadica, *Copyright Beyond Law: Regulating Creativity in the Graffiti Subculture* (Hart 2016) 105.

¹⁸⁷ *Spycatcher (No 2)* (n 45) 194.

¹⁸⁸ Ibid.

¹⁸⁹ *Attorney-General v Blake* [1996] FSR 727, 738.

officer; he was later found to have been spying for the Soviet Union. After his escape from prison, he wrote a book narrating his treacherous activities against Britain which was published in many countries. The Attorney-General, acting as claimant on behalf of the government, firstly resorted to a claim of breach of the fiduciary duty to prevent him receiving any profits from his previous position. The claim was rejected by the court of first instance on the ground that the fiduciary duty only covered the employment period, not thereafter.

The Court of Appeal had recourse to the public law approach with the aid of criminal law in holding that the author's activity was contrary to public policy on the grounds that criminals should not benefit from their misconduct, including any form of profit resulting from writing a book.¹⁹⁰ Again, this illustrates the situation where the Court sought to uphold justice by relying on the doctrine of public policy.

ZYX Music v Chris King and Others¹⁹¹

This case denotes an interesting exercise of the court's discretion to dismiss copyright enforcement at the other end of the 'immorality' spectrum. The claimant sued for copyright infringement against the defendant who had copied his arrangement of a musical work. The defendant argued that in light of section 171(3) CDPA the claimant's copyright should not be enforceable because he had committed a technical copyright infringement against the original song from which his arrangement derived. The defendant also contended that the decision of the House of Lords in *Tinsley v Milligan* suggested that 'the court will not enforce transactions tainted by illegality'.¹⁹² Lightman J. began his judgment by acknowledging that it is well-established that the Court may decline to grant relief awarded by copyright on public policy grounds when the work was 'dishonest and misleading',¹⁹³ 'grossly immoral',¹⁹⁴ 'reeking of turpitude involving public interest in maintaining the

¹⁹⁰ Owen Morgan, 'Copyright, the public interest and content restrictions' (2003) 8 (3) MALR 213, 217.

¹⁹¹ *ZYX Music v Chris King* (n 51). Iljadica (n 186) 105.

¹⁹² [1994] 1 AC 340.

¹⁹³ *ZYX Music v Chris King* (n 51) 577, citing *Slingsby v Bradford* (n 166).

¹⁹⁴ *Ibid.* 577, citing *Glyn v Weston* (n 50).

secret of security services'.¹⁹⁵ Yet, Lightman J. stated that it was also established in case law that the fact that the claimant's work infringed copyright in another work may nonetheless not preclude him from enjoying his copyright.¹⁹⁶ In this regard, he viewed that the claimant's technical infringement of the original author's copyright was of incidental and innocent nature and there existed no sufficient basis to invoke the public policy grounds into play.¹⁹⁷ He thus held that the claimant could not reasonably be debarred from enforcing his copyright i.e. injunction and damages, to restrain the defendant's piracy.¹⁹⁸ In other words, the claimant's wrongdoing in this case did not reach the level of reprehensibility which would otherwise violate the public policy grounds and render his copyright unenforceable.¹⁹⁹

In brief, Lightman J was explicit in confirming the UK courts' jurisdiction in applying the public policy grounds to copyright owner's reprehensible conducts. In my view, nevertheless, it can be argued that, although the claimant's infringing practice was accidental, he should still be condemned and deprived of some legal benefits. Lightman J, seemed to be lenient in having granted both injunctive and monetary reliefs to the claimant. Considering the claimant's unclean hands, the judge could have applied the public policy grounds in determining what reliefs should or should not be made available to the reprehensible claimant.

¹⁹⁵ Ibid. 577, citing *Spycatcher (No 2)* (n 45) and Sa'id Mosteshar, *Copinger and Skone James on Copyright* (13th edn, International Bar Association 1992) paras 3.44-3.48.

¹⁹⁶ *ZYX Music v King* (n 51) 576, citing *Redwood Music Ltd v Chappell & Co Ltd* [1982] RPC 109, 120; *British Leyland Motor Corporation v Armstrong Patents Co Ltd* [1982] FSR 481, 502.

¹⁹⁷ *ZYX Music v King* (n 51) 577.

¹⁹⁸ Ibid.

¹⁹⁹ See also the UK Court of Appeal's judgment in a trademark case - *The Football Association Premier League Ltd v Luxton* [2016] EWCA Civ 1097, and the Supreme Court's judgment in a copyright case - *Oracle America Inc (formerly Sun Microsystems Inc) v M-Tech Data Ltd* [2012] UKSC 27. Despite being misuse/competition cases and both deciding in favour of intellectual property rightsholders, the courts imply that there may exist a UK equivalent of the EU prohibition of abuse of rights and the US copyright misuse *vis-à-vis* enforcement of intellectual property rights, *inter alia*, in anti-competitive or abusive ways. Having observed the defendants' reliance on the EU defences based on the EU anti-competition and free movement rules, judges in both cases had recognised that 'in some circumstances an intellectual property right may become unenforceable because what lies behind it is an attempt to divide up the market in the EU contrary to the provisions on free movement'. However, sufficient connections between the exercise of the right and the allegedly unlawful attempt must be duly scrutinised and firmly established; otherwise, there is a risk of 'litigation devaluing the enforcement of intellectual property rights'.

*Hyde Park*²⁰⁰

This case concerns an argument between the claimant's right to copyright protection and the media's right to be exempted from infringing that copyright by claiming the common law defence of public interest.²⁰¹ The claimant was the security company which owned the copyright to the videotape on which was recorded the visit of Princess Diana and Dodi Fayed to the Villa Windsor prior to their death. A set of printed photographs from the video was handed over to *The Sun* newspaper, which published them without authorisation.

Of particular relevance to the public policy grounds was when Jacob J at first instance identified that the public interest defence raised by the defendant could be classified into two types. The first was of those recognising the defence as an exception to copyright infringement, which was applicable to this case. The other was of the so-called 'public policy, which was a remarkable tool for the courts in appropriate circumstances to usurp statutory right given by the parliament'.²⁰² Although these two equitable doctrines exist to serve disparate purposes with different characters,²⁰³ both are seen as judicial tools based on the same objective – safeguarding the interests of the public. As such, both are used to overrule copyright enforcement by ways of equipping the courts with the power to use the relevant remedies – monetary and injunctive relief. While the legislative authority of the former type of defence was denied in the Court of Appeal,²⁰⁴ Aldous LJ supported Jacob J's proposition regarding the public policy grounds. He confirmed that English courts had 'equitable inherent jurisdiction' to refuse copyright enforcement on the grounds of public policy, where the work in question was immoral, scandalous or harmful to the public, security or justice system.²⁰⁵ Therefore, this case confirms the English courts' discretionary power in having recourse to the content-based approach called public policy to refuse copyright enforcement when it is detrimental to public order and morality.

²⁰⁰ *Hyde Park Residence Ltd v Yelland and Others* [1999] RPC 655.

²⁰¹ *Ibid.* 668.

²⁰² *Ibid.* 670.

²⁰³ *Ibid.* Morgan (n 190) 221.

²⁰⁴ Gillian Davies, *Copyright and Public Interest* (2nd edn, Sweet & Maxwell 2002) para 4-034.

²⁰⁵ CDPA, s 171(3). See also *Hyde Park v Yelland* (CA) (n 20) [66].

2.6 US copyright protection for obscene works

A conflict between copyright protection and public morality in the context of obscenity has been an ongoing issue in many countries.²⁰⁶ Despite no provisions in the US Constitution articulating the relationship between the two, US courts in the early 1960s first appeared to take a position that pornography was subject to censorship; thus, copyright protection would only be conferred to an author whose creative work was clear from obscene and indecent material.²⁰⁷ However, the judgment in *Mitchell Brothers* stipulated otherwise. The Court held that obscenity could not be used as a defence to a copyright infringement claim.²⁰⁸ This case was a starting point after which a flood of litigation regarding not only issues about defining obscene works, but also arguments about copyright in such works, have been brought before the US courts.

2.6.1 Copyright protection to obscene works

*Martinetti v Maguire*²⁰⁹

This case lays down an adaptation of the ‘moral principle’ doctrine for dealing with copyright protection in obscene works.²¹⁰ The work at issue, called *Black Crook* and owned by Maguire, was a notorious Broadway musical play and involved a number of scenes during which women removed their clothes.²¹¹ Later, a forged version with identical scripts called *Black Rook* was created and sold to Martinetti.

The Court had to decide which was more illegitimate: the forgery or the original. Although the court admitted that Maguire had the right to his original, an injunction against *Black Rook* was denied on the grounds that the story was

²⁰⁶ Hong (n 52) 323-26.

²⁰⁷ Schneider (n 176) 692.

²⁰⁸ *Mitchell Brothers Film Group v Cinema Adult Theater* (1979) 604 F 2d 852, 863.

²⁰⁹ *Martinetti et al v Maguire et al* (1867) 16 F Cas 920, 922.

²¹⁰ Kurt L Schmalz, ‘Recent Development: Problems in Giving Obscenity Copyright Protection: Did Jartech and Mitchell Brothers Go Too Far?’ (1983) 36 V and L Rev 403, 410.

²¹¹ Sid Venkatesan and Anthony Tartaglio, ‘*Martinetti v. Maguire*: The Sordid Story Behind One of Northern California’s First Reported IP Cases’ (Norcal IP Blog, 1014)<<http://blogs.orrick.com/norcal-ip/2014/01/27/martinetti-v-maguire-the-sordid-story-behind-one-of-northern-californias-first-reported-ip-cases/>> accessed 15 September 2016.

considered ‘grossly indecent’ and corrupting to the morals of society and so he was not entitled to receive any benefits from the protection.²¹² The judge went on, stating that all courts had a duty to maintain public morality by way of discouraging the work which ‘neither promotes the progress of science nor the useful arts.’²¹³ Therefore, it can be deduced that the court in this case recognised that the morality of the works was a prerequisite for granting copyright protection.

Roth v United States²¹⁴

The US Supreme Court had ruled this milestone case on the relation between obscenity and the First Amendment protection of free speech. Samuel Roth was convicted for breach of the US federal law prohibiting the publishing, advertising, selling and mailing of obscene materials.²¹⁵ What made this case interesting was the fact that the so-called ‘contemporary community standard’ test was introduced as a legal test for obscenity in the US.²¹⁶ Justice Brennan established a criterion defining obscene works as materials whose ‘dominant themes taken as a whole appeal to the prurient interest to the average person’.²¹⁷

Although lack of social importance of obscene works did not seem to attract First Amendment protection, a distinction should be made between pornography and sex within art and literature.²¹⁸ The latter aspect was not obscene *per se*, but inclusive of more social values,²¹⁹ which implies that the threshold level of what constitutes obscenity is higher. In other words, artistic or literary works whose features are grossly immoral or explicitly sexual as described in *Martinetti* do not necessarily arouse the prurient interests of the average person. The constitutional significance of freedom of speech enables the judges to pay more respect to artistic, literary or scientific values of the

²¹² Ibid.

²¹³ *Martinetti v Maguire* (n 209) 922.

²¹⁴ *Roth v US* (1957) 354 US 476.

²¹⁵ 18 USCA § 1461 – Mailing obscene or crime-inciting matter.

²¹⁶ Schmalz (n 210) 410.

²¹⁷ *Roth v US* (n 214).

²¹⁸ Ibid.

²¹⁹ Ibid.

works, not focusing only on their unpleasant parts. This concept underpins the concept of ‘acceptable obscene works’. However, as this is not a copyright case, it remains unclear whether or not such work was copyrightable.

Miller v California²²⁰

Mr. Miller was involved in a pornographic mail-order business and later accused of violating Californian obscenity laws by mailing a brochure advertising his pornographic books and films. The question before the US Supreme Court was whether or not the distributed materials were protected by the First Amendment. In the ruling, the Court laid down certain criteria of the ‘contemporary community standards’, which was left unclear in the previous case. The ruling reaffirmed that a demarcation between obscene and non-obscene materials must be clearly established before deciding whether or not to grant legal protection permitted under the First Amendment.²²¹

In laying down the standards for determining what was obscene, the Court suggested two significant changes. Firstly, a test was adopted in lieu of the ‘utterly without socially redeeming value’ test²²² to redefine obscenity. It was also intended to give more account to materials that ‘had serious literary, artistic, political, or scientific value’, notwithstanding the prurient content, and became known as the SLAPS test.²²³ Secondly, a one-for-all national standard was substituted by local community standards, simply because it would be unreasonable to apply one single rule to the entire US jurisdiction, where local perceptiveness towards obscenity were divergent.²²⁴ It should be up to each community to classify what appealed to prurient interest and, thereby was not entitled to legal protection.

Again, although this is not a copyright case, the Court focused on the free speech elements in the materials at issue as the law must not curtail, generally speaking, an author’s right to freedom of speech because some of their

²²⁰ (1973) 413 US 15.

²²¹ Ibid. [20].

²²² This test was laid out in *Memoirs v Massachusetts* 383 US 413, 383 US 418 and also cited in *Roth v US* (n 214).

²²³ *Miller v California* (n 220) [26].

²²⁴ Ibid. [30]-[34].

creations might contribute to scientific and artistic values. However, this individual's freedom should not be afforded as much protection as that of the general public. The recognition of the value of free speech, particularly in relation to objectionable or immoral parts of the individual's creations, should be subject to the public interest scrutiny as a matter of balance. Implicitly, the Supreme Court is seen to have upheld the concept of such balance by establishing that any material in its entirety 'appealing to prurient interest of the average person' without SLAPS values was considered obscene and, therefore not protected by the First Amendment. However, the question about the material found to be appealing to prurient interest, but having SLAPS value, still remained unanswered.

Mitchell Brothers Film Group v Cinema Adult Theater²²⁵

A copyright infringement suit was brought before the court by Mitchell Brothers group, the copyright owner. The defendant counterclaimed on the basis of the unclean hands doctrine and argued that the claimant's work was obscene and thus barred from any remedies.²²⁶ After examining the film, the district court found the work obscene and subsequently refused to grant any remedies on the basis of the unclean hands doctrine.²²⁷ It held that copyright materials with immoral, fraudulent or misleading content caused injury to the public. The concept of public injury became the key to which the district court referred in invoking the doctrine of unclean hands against obscenity in this case.²²⁸

Despite recognising the public injury caused, the Fifth Circuit disagreed with the district court's refusal to grant copyright remedies. It observed that one way of exercising congressional power in promoting the progress of science and useful arts was to grant the protection to all works, regardless of their obscenity.²²⁹ Therefore, such refusal of copyright protection was contrary to the congressional and legislative purposes.

²²⁵ *Mitchell Brothers* (n 208).

²²⁶ *Ibid.* 863.

²²⁷ *Ibid.*

²²⁸ *Ibid.*

²²⁹ *Ibid.* [35], [36], [41]. See also US Const, Art I, sec 8, cl 8 or the 'Copyright Clause'.

2.6.2 Summary

The starting point for these decisions was the belief that copyrighting obscenity was a corruption of public morality. The criteria for what can be deemed obscene have been developed from grossly indecent and immoral to matter appealing to prurient interest. It was not until the 1970s that the importance of constitutional and statutory protection of the author's free speech became well-recognised and increasingly evident in the courts' decisions. This raises another doubt as to whether copyright exists in obscene materials and, if so, how its enforcement should be controlled to satisfy all parties' interests. This is another matter to be considered later.

2.7 Summary of the substantive legal analysis

Each of the case law analyses of the four public policy-related doctrines reflects public policy grounds in different ways, according to their prioritised domestic concerns. They illustrate divergent approaches in implementing the emergency brake to achieve the convergent end – putting some limits on the exercise of exclusive rights. The term public policy conveys two different, but related, dimensions – misuse and immorality.

The misuse aspect is represented by the US doctrine of copyright misuse. This doctrine considers situations where rightsholders exercise their exclusive rights beyond those granted by copyright law as violating the public policy. Such situations include claims of copyright in anti-competitive manners, against fair use²³⁰ and in monopolistic manners causing abuse of process, although all aspects above primarily seek to prevent copyright monopoly. Public policy grounds in US copyright misuse serve to promote the progress of science and useful arts, and such a purpose cannot be achieved by copyright monopoly, but a fair balance between statutory copyright and First Amendment protection.

The EU doctrine of PAR also echoes the misuse aspect. Despite there being no specific doctrine dealing with the copyright regime,²³¹ the role of PAR reflects

²³⁰ 17 USC 107(a).

²³¹ It is important to note that an existence of this 'restrictive' type of the public interest defence within the EU copyright regime was implicitly recognised in C-201/13 *Deckmyn v*

public policy performing its emergency brake function. This general doctrine allows national authorities to rectify situations where EU legal provisions are abusively exercised for the sole aim of either circumventing national rules or obtaining personal benefits contrary to the purpose of law. The finding of such abuse is based on the conditions that the objective and subjective standards are met. National autonomy in resorting to such public policy doctrine is not absolute, but contingent on the effectiveness of EU law's objectives concerning the forming of the EU single market. In other words, not every circumvention gives rise to the abuse; only those conducted with the 'whole artificial arrangement' without seeking to fulfil the EU law's objectives to any extent.

The UK public policy doctrine is a prominent illustration of the public policy's immorality aspect. The doctrine is based on the proposition that there is public interest in protecting society from harm caused by the exercise of copyright. The case law analysis reveals that the UK courts have resorted to the doctrine when they render the work *per se* or the manner in which the work is created as reprehensible. The work is of reprehensible nature when it is immoral to public sensibilities, obscene, deceptive or harmful to national security, and the latter ground consists of situations where the authors' behaviour or the circumstances surrounding production or publication reek of iniquity. In both cases, adopting the public policy doctrine is justified on the grounds that any copyright works

Vandersteen and Others (2014) ECDR 21, which involves, *inter alia*, an unauthorised parodic use of the copyright-protected work in a way that arguably had the original work tainted with a discriminatory message (para 29). In this respect, the ECJ held that recital 31 of the Copyright Directive requires that all exceptions seek to achieve a fair balance between the rights and interests of rightsholders and that of users (paras 26-27), and that, accordingly, in the present case there was a legitimate interest of the rightsholders in ensuring that 'the work protected by copyright is not associated with such a message' (para 31).

Despite referring to the principle of non-discrimination recognised within the EU law (para 30), this judgment delivers an important implication that :

- discriminatory and, perhaps, other illegal, prohibited, reprehensible uses of copyright-protected work or abuse of copyright are against the fair balance principle and the objective of the EU copyright law, which, as stated in recital 3, aims to preserve the principles of intellectual property, freedom of expression and the public interest;

- such uses should be restrained for the interest of the public by what is more likely equivalent to an EU version of the 'restrictive' public interest doctrine considered under this chapter.

or conducts harming the public need to be suppressed for the sake of public interest.

In addition to the copyright misuse, there is a non-statutory defence to copyright infringement based on obscenity in the US copyright system. Its role denotes the immorality sense of public policy grounds. Regardless of how this doctrine operates against copyright enforcement, the doctrine's rationale echoes that of the UK's public policy doctrine – protecting the public from any harm caused by reprehensible nature of obscene materials. As for the criteria, the case law analysis illustrates that the work is deemed obscene if it appeals to the prurient interest of the average person without the work having serious literary, artistic, political or scientific (SLAPS) values attached. As compared to the UK approach, however, the criteria adopted by the US courts notably requires a higher threshold in defining obscenity, in the sense that grossly indecent or immoral nature of obscenity does not necessarily appeal to the prurient interest of all people. This might be an effect of the increasing importance of the creative and constitutional free speech values in some types of obscene materials in light of the First Amendment protection.

2.8 Concern of public policy grounds

Having established what can fall within the ambit of public policy grounds in different jurisdictions, attention will now be drawn to the question of its legal operations in copyright subsistence, enforceability and remedies. This section will examine the operations and subsequent effects of each doctrine to determine the most appropriate approach for public policy doctrines operating against copyright protection.

Generally speaking, there are two principal theories which underpin grant of copyright protection: economic incentive and natural right.²³² Both seek to promote wider dissemination of intellectual works for the public interest.²³³ The restrictive limitations to copyright operate to protect the public from

²³² Morgan (n 190) 222.

²³³ Ibid.

harmful creations.²³⁴ It is this proposition that the public policy takes in the proposed public interest defence. Of particular concern is how such a restrictive role of public policy grounds operates to deal with copyright subsistence and existing remedies.

2.8.1 Legal operations in different public policy-related doctrines²³⁵

2.8.1.1 The UK

The UK approach delineates the deprivation of copyright subsistence in the protected works deemed contrary to public policy. ‘There is a strong line of authority in the UK supporting the proposition’.²³⁶ One of the leading authorities of this approach is *Glyn v Weston*.²³⁷ The work in debate was a novel authored in a way that could have misrepresented to the public, particularly young ladies, that an easy life of sin and debauchery can be pursued without causing harm to others. The Court opined that ‘copyright cannot exist in a work of grossly immoral or indecently offensive tendency’ and in such case ‘the claimant was entirely debarred from obtaining any relief in this Court’.²³⁸ It further explained that such precluded relief included damages, account of profits or any legal protection to which the author was entitled with respect to copyright infringement claim.

This approach was later supported by the majority of House of Lords in *Spycatcher*.²³⁹ The Court held that, in appropriate circumstances, the courts had discretion to deny copyright subsistence to works containing deceiving statements²⁴⁰ or grossly immoral tendency,²⁴¹ as they were against public policy.²⁴² In particular, Lord Keith shared Lord Jauncey’s viewpoint that ‘it

²³⁴ See section 2.1 above. Sims (n 41); Davies (n 204) 54.

²³⁵ It should be noted that, unlike the sequence of jurisdictional analyses of the existence of each doctrine in 2.3-2.6, here the following sequential change of jurisdictional analyses concerning the doctrines’ legal operations is shaped by the UK context, in which the phrase ‘denial approach’ emerged. See Sims (n 41) for further considerations.

²³⁶ Morgan (n 190) 215. See also *Stockdale v Onwhyn* (n 175) (Abbott CJ); *Glyn v Weston* (n 50) 269.

²³⁷ *Glyn v Weston* (n 50) 268.

²³⁸ Ibid. 269. See also Morgan (n 190) 215-16.

²³⁹ *Spycatcher (No 2)* (n 45).

²⁴⁰ Ibid. 40, citing *Slingsby v Bradford* (n 184).

²⁴¹ Ibid, citing *Glyn v Weston* (n 50).

²⁴² *Spycatcher (No 2)* (n 45).

was inconceivable that a UK court would afford to authors or publishers any protection in relation to any copyright which either of them may possess in the book' made in breach of the duty of confidence.²⁴³ Both Lords Brightman and Griffiths rejected the suggestion that the author owned copyright in the book.²⁴⁴

Jacob J in *Hyde Park* accepted that the UK courts had discretionary power or the so-called public policy grounds to usurp what has been given by Parliament.²⁴⁵ This means that such grounds can, in extreme circumstances, be used to entirely deny copyright. On appeal, Aldous LJ supported Jacob J by elaborating that the circumstance referred to arose where the copyrighted work causes prejudice to principles of public order (illegal works) and morality (immoral works).²⁴⁶ The courts in such a case would thus have inherent jurisdiction to give no legal protection to them.²⁴⁷ As can be seen, the UK judges tended to play a morality-safeguarding role in denying copyright subsistence in the work deemed contrary to public policy. They relied on the ground that any legal benefits arising from tainted works were also tainted and, thereby, regarded as fruit of the poisonous tree.²⁴⁸ By analogy, it would be incomprehensible to afford criminals any legal benefits arising from their crimes.

However, there were some intriguing *obiter dicta* that casted doubt on this approach. Although Lord Eldon refused to grant an injunction to stop further publication of a book of a seditious nature called *Wat Taylor*, he admitted that the denial approach may conflict with the policy of law.²⁴⁹ He explained that in some circumstances the denial could lead to an increasing number of copies of such harmful work.²⁵⁰ Similarly, Abbot CJ argued that copyright law did not intend to encourage the dissemination of highly indecent works or to allow

²⁴³ Ibid. 262 (Lord Keith), 294 (Lord Jauncey).

²⁴⁴ Ibid. 267 (Lord Brightman), 275 (Lord Griffiths).

²⁴⁵ *Hyde Park v Yelland* (n 19) 236.

²⁴⁶ *Hyde Park v Yelland* (CA) (n 20) 168 per Aldous LJ, quoting Lord Mansfield CJ in *Holman v Johnson* (1775) 98 ER 1120, 1121.

²⁴⁷ *Hyde Park v Yelland* (n 19), citing *Glyn v Weston* (n 50) and *Slingsby v Bradford* (n 184).

²⁴⁸ *Stockdale v Onwhyn* (n 175); *Wright v Tallis* (n 182).

²⁴⁹ *Southey v Sherwood* (n 162) 439-40.

²⁵⁰ Ibid.

free-riders to do so and, thus, opined that an injunction should be granted to restrain any further pirated publication.²⁵¹ In brief, despite the majority of UK judges upholding the denial approach, Lord Eldon and Abbot CJ's opinions expressed concerns about the operations and the aftermaths of such approach and, thus, called for careful considerations on copyright subsistence and enforceable remedies and on a need to safeguard the public from harm.

2.8.1.2 The US

In the US copyright regime, two very different approaches have been adopted to deal with obscenity. Most early cases took the denial approach to refuse copyright subsistence in obscene materials until the 1970s. Thereafter, the so-called 'content-neutral approach' was adopted to ensure enforceability of copyright and all existing remedies of the qualified works regardless of their contents.

Denial approach through an assertion of public moral defence

Under this approach, the courts' rationale in rejecting copyright protection in obscene materials is underpinned by various theories. Having originated from the English case of *Walcot v Walker*,²⁵² 'the general moral principle' was the first theory to which the judge in *Martinetti v Maguire* resorted in dismissing injunctive relief claimed by both parties against the other. The court began its ruling by finding that the works at issue were of immoral and indecent character; as such, neither of them contributed to any scientific or artistic progress to the public. In other words, they did not reach the level at which they could be deemed to have sufficient literary character to be protected by law. The courts were bound to safeguard public interest by repulsing whatever had tendency to undermine it.²⁵³ The fundamental premise underlying this judgment was that the US Congress was empowered to legislate copyright law to 'promote the progress of science and useful arts'²⁵⁴ and:

²⁵¹ *Stockdale v Onwhyn* (n 175) [176]-[177].

²⁵² *Walcot v Walker* (168) (Lord Eldon). See also Phillips (n 173) 140.

²⁵³ *Martinetti v Maguire* (n 209) 922.

²⁵⁴ US Const, Art I, sec 8, cl 8.

‘Such constitutional clause does not seem to authorise the protection of work which is grossly indecent, calculated to corrupt the morals of the people or designed to facilitate the commission of crime’.²⁵⁵

Judge Martin in *Devils Films v Nectar* held that videos at issue depicting lesbian and trans-sexual matters were clearly obscene materials and thereby uncopyrightable.²⁵⁶ In doing so, he re-affirmed the proposition laid down in *Bullard v Esper*²⁵⁷ that no court would use its equitable power to assist a claimant whose hands were unclean. Hence, this case indicates an invocation of a moral-based equitable defence in the form of the unclean hands principle for denying copyright in obscene materials as it was harmful to public morality and contrary to the purpose of copyright under the US Constitution.

Content-neutral approach – at the other end of the operation spectrum

In *Mitchell Brothers*,²⁵⁸ there was an essential shift in the way the US courts coped with an issue regarding copyright in obscene materials. The Fifth Circuit based its decision on grounds very different to the denial approach, finding that the district court erred in recognising obscenity as an affirmative defence to copyright infringement.²⁵⁹ In deciding that obscenity was not excluded from copyright protection and subsequent remedies, the court justified its proposition with three reasons. Firstly, as far as the language expressed in the copyright statute was concerned, there was nothing suggesting that obscene works were any less entitled to copyright protection than other content. Secondly, the court held that, absent any specific statutory language, it was the legislature’s intention to leave all works equally protected. Thirdly, the constitutional protection of original creations as ‘free speech’ took precedence over moral values.

The court went on, enumerating some drawbacks in support of its opposition to a defence based on obscenity:

²⁵⁵ *Martinetti v Maguire* (n 209) 922.

²⁵⁶ *Devils Films, Inc v Nectar Video*, 29 F Supp 2d 174 (SDNY 1998).

²⁵⁷ (1947) 72 F Supp 548, 549. In this case, the unclean-hand theory was adopted as an affirmative ground to exclude (sexually indecent) obscene materials from copyrightability.

²⁵⁸ *Mitchell Brothers* (n 208).

²⁵⁹ *Ibid.*

1. legal uncertainty due to ever-changing moral standards;
2. non-uniform local standards on what is regarded as obscene; and
3. lack of authority and judicial grounds in implementing the doctrines of public morality,²⁶⁰ no-property²⁶¹ and unclean hands.²⁶²

The judgment provides the US mainstream viewpoint on the clash between copyright and moral values, and it took a completely different stance from its UK counterpart.

This precedent was followed by the Ninth Circuit in *Jartech Inc v Clancy*,²⁶³ when the Court refused to accept the defence of obscenity by the defendant, who had allegedly reproduced the claimant's adult movies. The Court emphasised that original works, notwithstanding being characterised as 'obscene or illegal', could still be entitled to copyright protection.²⁶⁴ It was confirmed that copyright protection should be available to obscene works, regardless of any morality breach.

The shift from denial to a content-neutral approach has some implications. First of all, it reflects the way public perception towards immorality changes over time.²⁶⁵ Hard-core pornography, for instance, may not undermine the moral values as severely as it did prior to the emergence of the pornography industry.²⁶⁶ Also, an objection to the defence implies that under the US regime, statutorily constitutional copyright protection is best served by avoiding content restriction and 'allowing all creative works to be accorded copyright protection regardless of subject matter or content'; its importance somehow

²⁶⁰ Ibid. 861.

²⁶¹ Ibid.

²⁶² Ibid. 836-62.

²⁶³ *Jartech Inc v Clancy* (1982) 666 F2d 403.

²⁶⁴ Ibid. 406.

²⁶⁵ Schneider (n 176) 703-21, suggesting that 'for policy reasons, it may not be thought appropriate for the Register of Copyrights to undertake to be a conservator of public morals'.

²⁶⁶ In *Belcher v Tarbox*, 486 F2d 1087, 1088 (9th Cir 1973), the Ninth Circuit declined the invitation entrusted them with a task to assume 'the truth or falsity, the soundness or unsoundness of the views embodied in a copyrighted work'. This view was cited in *Jartech v Clancy* (n 263) at 406 and relied upon by the Fifth Circuit in rejecting the obscenity defence to copyright infringement in *Mitchell Brothers v Cinema Adult Theater* (n 208).

prevails over moral virtues.²⁶⁷ This may be incidental to, not only artistic and intellectual importance, but also the economic value inherent in obscene material which has increasingly been accepted. However, despite having been recognised as the mainstream approach in the US copyright regime, the extreme operation of this content-neutral approach in granting the full extent of copyright privileges denotes that the question of moral values or public injury is still left unresolved.

2.8.1.3 The US Copyright misuse doctrine

Under the US copyright system, the judge-made copyright misuse doctrine can be invoked as an equitable defence to copyright infringement if a rightsholder is engaged in any misconduct in the course of exercising his exclusive rights. Having established what constitutes copyright misuse, this section will consider how the doctrine operates to cope with copyright enforcement and relevant remedies in relation to the work at issue during the misuse period.

Unlike the two doctrines which, in their operations, reflect two different extreme approaches, the operation of this misuse doctrine focuses on what should happen with the remedies available to the rightsholders during the misuse. In particular, it considers the temporary transformation of property right in copyrighted works into a liability right when the misuse occurs. The proposition behind this transformation is that, while an injunction to stop further copyright misuse is still granted as a matter of routine, it seems undesirable for the courts to afford to the rightsholder during the misuse period as much legal benefit under copyright protection as is conferred during the no-misuse period.²⁶⁸ The concept of liability rules deals with remedies granted to the rightsholder in the protection period, misuse period, post-misuse period and post-protection period.²⁶⁹ It provides flexibility in allowing different rules to govern different circumstances in which legal rights are affected. It employs the property rules to cover the protection period, and the zero-liability rules to

²⁶⁷ *Mitchell Brothers v Cinema Adult Theater* (n 208), citing the Congress's constitutional purpose of copyright power in H.R.Rep.No. 1476, 94th Cong., 2d Sess. 51, *reprinted in* [1976] U.S.Code Cong. & Admin.News pp. 5659, 5664 and the decision of *Bleistein v Donaldson Lithograph Co.*, 188 U.S. 239, 251-52, 23 S.Ct. 298, 300, 47 L.Ed. 460, 462 (1903).

²⁶⁸ Judge (n 53) 941.

²⁶⁹ *Ibid.* 943.

govern the post-protection period, with the purpose of avoiding all-or-nothing decisions. It also aims to ensure that the beginning and the end of copyright protection spectrum are not left unregulated.²⁷⁰ Nevertheless, with respect to the misuse and post-misuse period, there is debate over whether the liability rules, borrowed from the doctrine of patent misuse,²⁷¹ can be implemented to govern those periods. The issue becomes more complicated when it involves the questions of free-riding activities and market competition. To address these issues, there are two different approaches, the Liability and Napster rules.

Liability rules

This approach was proposed by Judge Kozinki and subsequently recognised as a dominant rule applying in copyright misuse cases.²⁷² The scope of its operation is closely associated with the creation of derivative works. The operation provides protective measures to the economic interests of copyright holders and the public interest in engaging in free expression.²⁷³ In the period of misuse, this approach employs the rule of zero liability as ‘no party would have any right to compensation for infringement that occurs during such a period’.²⁷⁴ This implies that a claimant who misuses their exclusive rights cannot enforce such rights and subsequent remedies. Others are allowed to use the claimant’s work freely to promote free expression. In the post-misuse period, it safeguards the rightsholder’s economic interests by allowing the claimant to claim compensation for any damage that occurred after the elimination of misuse. This approach means that the courts render copyright and available remedies unenforceable during the misuse period until such period is ended, after which they become enforceable again.

However, the operation during the misuse period does not provide the outcome which copyright law, copyright misuse and competition rules seek to achieve. Unrecoverable damages during the misuse period fails to satisfy copyright’s purpose to reward the author’s creativity. Second, the misuse defence is not

²⁷⁰ Abraham Bell and Gideon Parchomovsky, ‘Liability Rules’ (2002) 101 Mich L Rev 1.

²⁷¹ *Morton Salt v GS Suppiger* (1942) 314 US 488.

²⁷² Alex Kozinki and Christopher Newman, ‘What’s So Fair about Fair Use?’ (1999) 46 J Copyright Soc’y USA 513; Judge (n 42) 945.

²⁷³ Judge (n 53) 946.

²⁷⁴ *Ibid.* 947.

designed to leave a free-of-charge loop during the misuse period to incentivise further misuse of copyright by free-riders. Third, fair competition in the market cannot be achieved by allowing those free-riders to exploit the work without any production costs, to the detriment to their competitors. All these concerns may be solved by the approach proposed in *Napster*.

***Napster* approach**

In *Napster*,²⁷⁵ the liability rules were replaced with the so-called deferred rules to solve the concerns addressed above. In this case, the copyright misuse defence was raised by the defendant, an internet service facilitator called Napster, against copyright infringement suits. It was held that the record companies misused their copyright in preventing Napster from entering into licensing agreements, which constituted anti-competitive activities.²⁷⁶ Nevertheless, the point was made about the rightsholder's ability to recover the remedies during the misuse period, and that the main operation of the doctrine was intended to suspend the right to recover, not to totally deny it.²⁷⁷ It was also stressed that the monetary remedy should be retrospectively retrievable as it provided desirable outcomes. Firstly, the rightsholder would be incentivised to end the misuse activities as soon as possible in order to recover the benefits they should have obtained had copyright misuse not occurred. Thus, the copyright's purpose in rewarding the author for their intellectual creation is guaranteed. Secondly, the idea that all damages and profits occurred are recoverable by the rightsholder after the end of the misuse period would impose liability to pay for remedies against free-riders or infringers. This would accordingly discourage them from engaging in any further infringement. This concept, along with the availability of injunctive relief, satisfies the purpose of the doctrine to put an end to copyright misuse. Thirdly, the disincentive to free-riding activities leads to a protection of the rightsholder's competitors in the market, who may suffer from the substitution effect. This approach helps restore a fair competitive condition in the market whereby the

²⁷⁵ *In re Napster* (n 71) 1108.

²⁷⁶ *Ibid.* 1092-1109.

²⁷⁷ *Ibid.* 1108.

misused work is less likely to be freely consumed as a substitution product.²⁷⁸ Essentially, merely because the rightsholder is temporarily not eligible for copyright enforcement does not automatically allow others to take advantage of the situation.

A major difference between the two approaches is the monetary remedy available to rightsholders. Under the Napster approach, such a remedy can be retrospectively retrievable even from the misuse period. The rationale behind this deferred rule is that there should be a fair balance between safeguarding the public policy and ensuring availability of economic incentives to rightsholders. Leaving copyright and remedies unenforceable during the misuse period may otherwise undermine such balance.

2.8.1.4 The prohibition of abuse of rights in EU law

Having considered the far-reaching scope of PAR, its legal operation varies according to the area of law to which it is applied. Although there is a lack of legal precedent in EU copyright law, the operation of this doctrine on other areas of EU law can also be applied to copyright cases in the future.

In general, when the exercise of EU legal rights is found abusive, the doctrine operates to retract legal benefits conferred by the abused rights to the rightsholder.²⁷⁹ However, as the application of this doctrine has an impact on the way in which legal rights protected under EU law is exercised,²⁸⁰ whether the rights abused fall within the scope of EU law, and what remedies are available during the abuse and post-abuse period are matters to be clarified.

Pre-emption approach: a replica of denial approach

Most early cases suggest the adoption of the classic approach, in which PAR operates as a pre-emption in determining the scope of EU law²⁸¹ as the ECJ renders an abuse of EU legal right as outside the scope of EU law.

²⁷⁸ Judge (n 53) 949.

²⁷⁹ ‘The EU Law Doctrine of Abuse of Rights: Should it be a general principle of EU Law; and is it?’ (Euroblawg, 29 May 2013) 3 <<http://www.euroblawg.com/eu-law-2/the-eu-law-doctrine-of-abuse-of-rights-should-it-be-a-general-principle-of-eu-law-and-is-it/>> accessed 15 January 2015.

²⁸⁰ Ibid. 7.

²⁸¹ Saarmann (n 96) 16.

In the area of free movement of goods, two cases are of particular relevance. The first case, *Leclerc*,²⁸² concerned the exercise of the publisher's right to artificially export books to another member state for the sole purpose of re-importing them. The activity was intended to avoid the restrictive national requirement of fixed retail price. French law No 81-766 of 10 August 1981 provides that 'all publishers or importers of books are required to fix a retail selling price for the books that they publish or import', but this national requirement has no effect on the export of books to other member states. *Leclerc* claimed his EU right for free movement of goods to export books published in France to another member state and re-import. As they would be considered as exported books, they would not be subject to the domestic retail price-fixing requirement. Before the actual ruling, the ECJ differentiated two following situations in question:

'first, that of books published in another member state and imported into the member state concerned and, secondly, that of books published in the member state concerned and re-imported, following exportation to another member state'.²⁸³

The ECJ was aware that the French retail price-fixing requirement could undermine the legitimacy of the EU right claimed 'unless it is established that those books were exported for the sole purpose of re-importation to circumvent the legislation in question'.²⁸⁴ It ruled that the publisher's practice at issue was contrary to the purpose of free movement of goods and thereby constituted an abuse of the EU right, and observed that EU law did not intend to regard such intended circumvention conduct as falling within its EU scope.²⁸⁵

The language used in the ruling by no means delivered a sufficiently clear answer as to whether the ECJ denied the availability of such right to the rightsholder, and this went unresolved until *General Milk*.²⁸⁶ *General Milk Products GmbH* was a company marketing the dairy products of New Zealand in Europe. They brought the case before the ECJ against the ruling given by the

²⁸² Case 229/83 (n 118).

²⁸³ Ibid. para 24.

²⁸⁴ Ibid. para 31.

²⁸⁵ Ibid. paras 27, 31.

²⁸⁶ Case C-8/92 *General Milk Products GmbH v Hauptzollamt Hamburg-Jonas* [1993] ECR I-779, para 21.

German Customs Office in refusing compensation.²⁸⁷ The company argued that, as its imports were not subject to minimum rules or negative compensatory amounts, the monetary grant conferred by the EU regulations should be applied to its exports. Dismissing the company's argument, the ECJ deemed the import and re-exportation of the products as bogus and intended to exploit the EU regulations for benefits derived from the compensatory grant. It further established the general proposition that the traders of any goods who engaged in any business activities which cannot be recognised as anything based on bona fide behaviour were not embraced by the scope of EU law.²⁸⁸

In the area of free movement of persons, *Liar* was a French worker who exercised her EU right to freedom of movement to enter into Germany with the sole intention of benefiting from the student assistance system.²⁸⁹ She was later refused any benefits arising from the claimed EU right since her abusive conduct '[was] not covered by the Community provisions in question'.²⁹⁰ The ECJ based its decision on the grounds that the freedom of movement was not unconditionally granted to all the member states' nationals; in fact, any purposes other than facilitating the mobility of workers within the Community were not those for which such freedom was designed.²⁹¹ The fact that the claimant undertook studies and sought student assistance took away her status as a worker. Accordingly, this led to the situation where she lost the right of free movement guaranteed by the EU law.²⁹²

This pre-emptive operation of PAR is similar to the UK denial approach. It requires that both subsistence and enforcement of the right being abused are denied, since allowing them would otherwise be beyond the scope of the law and contrary to the public policy.

²⁸⁷ The EU provisions at issue are Article 177 of the EEC Treaty- a question on the interpretation of Commission Regulation (EEC) No 900/84 of 31 March 1984 fixing the monetary compensatory amounts and certain coefficients and rates required for their application OJ 1984 L 92, 2.

²⁸⁸ Case C-8/92 (n 286) para 30.

²⁸⁹ Case 39/86 (n 119) 3161.

²⁹⁰ Ibid. para 43.

²⁹¹ Report for the hearing delivered in Case 39/86, K Bahlmann as a Judge-Rapporteur, 3165.

²⁹² Ibid. 3166.

Justification approach: justifying the subsistence of EU rights during abuse period

The ECJ has recently changed its position to endorse the justification approach, particularly in cases concerning freedom of establishment and direct taxation beginning with *Centros*²⁹³ which concerned an abuse of the right to freedom of establishment by a Danish national who established his business in the UK solely for the purpose of evading Danish rules on minimum share capital requirement.²⁹⁴ The ECJ set out the distinction between the scope of freedom of establishment and the Danish law to combat an attempted circumvention of national requirements,²⁹⁵ and the grounds under which an abusive practice can fall within the scope of EU law. Whether or not the anti-abuse measure imposed by national authorities was sufficiently justified and proportionate to undermine the EU principles was another question.²⁹⁶

The concept was later clarified in *Inspire Art*²⁹⁷ which involved a clash between the EU right to freedom of establishment and Dutch rules on foreign companies. A Dutch national claimed his EU right to freedom of establishment to establish Inspire Art as a company under English law. The fact that the company performed its main business activities exclusively in the Netherlands suggests that the freedom was claimed to enjoy the benefits of the more favourable rules regarding disclosure obligations.²⁹⁸ Referring to *Centros*, the ECJ held that the fact that the company was formed under UK law for the purpose of circumventing the stricter Dutch company law did not prevent the claimant from exercising his right to freedom of establishment,²⁹⁹ and the request for its branch's registry in the Netherlands was still permissible under EU law.³⁰⁰ What became prominent in this case was when the ECJ set out the three-step criteria for resolving the conflict between the application of EU

²⁹³ See Case C-212/97 (n 109).

²⁹⁴ Ibid. paras 24-27.

²⁹⁵ Ibid. para 18.

²⁹⁶ Ibid. paras 31-37.

²⁹⁷ Case C-167/01 *Kamer van Koophandel Amsterdam v Inspire Art* [2003] ECR I-10155. See also C-196/04 (n 110).

²⁹⁸ Case C-167/01 (n 297) para 72. The law on Formally Foreign Companies of 17 December 1997.

²⁹⁹ Case C-167/01 (n 297) para 98.

³⁰⁰ Ibid.

provisions and national anti-abuse measures. The ECJ emphasised that the first step was the determination of the scope of the EU provision in question. Then, the consideration of the legal reasoning for imposing national anti-abuse restrictions on such EU freedom would follow. Third, examination of whether such legal reasoning was sufficiently justified to override the importance of EU law took place.

The justification approach provides that, despite the finding of an abuse of rights conferred by EU law, such rights are still exercisable within the scope of EU law, assuming the conditions are met. However, questions about its enforceability and remedies during the abuse and post-abuse period are still unexplained.

Justification approach: justifying recoverable benefit during the abuse period

In *Halifax*,³⁰¹ an interesting point was made in relation to the benefits conferred by the EU right at issue. The debate was raised by the UK banking company, which relied on the right conferred by the Sixth Council Directive to deduct input VAT. In doing so, some artificial transactions were created with the sole purpose of avoiding VAT liability.³⁰² The ECJ ruled that the abusive transactions must be removed to ‘re-establish the situation that would have prevailed in the absence of such abuse’,³⁰³ and suggested two ways of restoring the normal situation. The ECJ could order Halifax to retrospectively repay the amounts of VAT deducted from each transaction abusively made, or:

‘it must allow Halifax as a taxable person who, in an absence of transactions constituting an abusive practice, would have benefited from the first transaction not constituting such a practice, to deduct, under the deduction rules of the Sixth Directive, the VAT on that input transaction.’³⁰⁴

Under the latter option there exists, by analogy, similarity between the legal operations under this approach and those of Napster (remedial) approach. Both agree on allowing individuals to benefit from recoverable monetary relief after

³⁰¹ Case C-255/02 (n 134).

³⁰² Ibid. paras 12-29.

³⁰³ Ibid. para 94.

³⁰⁴ Ibid. para 97.

the purge of abusive or misuse practices, and so by extrapolation the justification approach is applicable in the context of abuse of EU copyright. Its legal operation means that, first, copyright exists in the work insofar as it is original and satisfactory of all relevant requirements, and second that legal benefits conferred by the EU right, particularly in terms of monetary remedy, can be retrospectively recovered when the abuse is ended. Having adopted this approach, the ECJ attempted to strike a balance between permitting national autonomy to protect public policy and safeguarding the importance of the EU legal regime.

2.8.2 The proposed remedial approach applicable to all doctrines

As far as legal operations of the four doctrines are concerned, there are two types of operations – the denial and remedial approaches³⁰⁵ – employed along with the implementation of each doctrine. The term ‘denial’ denotes the situation where the public policy-based doctrines operate to deny copyright existence and enforcement. The use of this uncompromising term had emerged in the UK jurisprudence within the context of its public policy doctrine operations, with the claimed objective of protecting society from immorality or indecency caused by the nature of the works or circumstances surrounding them.³⁰⁶ In such circumstances, it would be inconceivable for the court to afford the authors or publishers any damages, account of profits or any legal protection.

This approach appears in the US copyright regime in the form of the public moral defence.³⁰⁷ It operates to deny copyright protection to obscene material based on the proposition that the US Constitution was not intended to protect nor confer copyrightability to works that contribute little scientific or artistic value, some of which include obscene, immoral and indecent works.

³⁰⁵ The ‘content-neutral approach’ is left out here due to its marginal importance.

³⁰⁶ See also reasons for change of jurisdictional sequence in n 235 above.

³⁰⁷ Although this emergency brake role of the defence may sit very uneasily with the rule upheld by the Fifth Circuit in *Mitchell Brothers* (n 208) and the Ninth Circuit in *Jartech v Clancy* (n 263) that obscenity was no defence for copyright infringement, it could be argued that other Circuits’ rulings, including those ruled pre- and post-*Mitchell Brothers* i.e. *Devils Films, Inc v Nectar Films* 29 F Supp 2d 174 (1988), followed the UK’s denial approach; and, as such, *Mitchell Brothers* has not achieved universal acceptance in the US. See Sims (n 41) 193; Schmalz (n 210) 406-407.

In the context of the US copyright misuse, the concept of liability rules also reflects how the denial approach operates. After the finding of misuse behaviour, it replaces the property rules to render copyright and existing remedies unenforceable. This is based on the grounds that no one could claim any compensation arising out of the misused right during such period.

As for the doctrine of PAR under the EU legal regime, the ECJ seems to mirror the operations of the denial approach through the so-called pre-emption approach. In general, the scope of EU law does not intend to cover abusive conduct, particularly when the exercise of EU rights involves circumvention of national laws or activities contrary to the purposes of EU provisions. This approach operates to pre-empt further abusive conducts and refuse to grant any benefits to the rightsholder. The pre-emption approach confirms that neither the right in question nor remedies are enforceable after the finding of abuse.

Having summarised the operations of the denial approach that appear in different jurisdictions, one may find it justifiable to punish the rightsholder through deprivation of the rights and remedies arising in connection with his reprehensible works or conduct. However, it may be too harsh to resort to those non-statutory doctrines to sabotage statutory copyright, as copyright's purpose in rewarding the author's creations by grants of exclusive rights will be significantly undermined. Furthermore, recognising copyright works as protected creative expression, the granted exclusive rights can also be seen as guaranteeing the rightsholder's freedom to enjoy his expression. Therefore, to entirely strip him of such freedom by adopting the denial approach would be contrary to the fundamental principle of human rights and would trigger much debate about the legitimacy of the public policy ground.³⁰⁸ Another concern is that denying enforceability of injunctive and monetary relief in relation to reprehensible works may encourage free-riding and public injury. Thirdly, such free-riding activities in connection with the harmful works may also have a detrimental effect on substitution products in competitive markets and

³⁰⁸ The question of how the relationship between copyright-protected expression and interfering measures imposed by the public policy grounds would play out and be resolved within the framework of Article 10 ECHR, especially in the context of the balancing exercise enshrined in Article 10(2), will be elaborated in 3.3.4.2 below.

competitors, particularly in the light of the misuse-related doctrines. None of these outcomes reflects the purposes pursued by the public policy-related doctrines, but these concerns can be resolved through the proposed adoption of the remedial approach.

2.8.2.1 The remedial approach

The term ‘remedial’ is borrowed from the Canadian copyright case, *Aldrich v One Stop Video*³⁰⁹ which concerned a defendant who allegedly copied obscene films and videotapes without the claimant’s permission. Although the Court admitted that there was no such statutory ground giving it the power to deny copyright to obscene materials, it was not precluded from the right to enforce or refuse existing remedies derived from such privileges.³¹⁰ The Court ruled that an injunction should be granted to suppress the piracy of such harmful work and that monetary relief should not be available during the reprehensible period, but recoverable thereafter. Interestingly, this proposition is implicitly supported by the UK passing-off case of *McDonald's Hamburgers Limited v Burgerking (UK) Limited*,³¹¹ where it was held that a grant of injunction did not necessarily establish an automatic award of damages. In fact, ‘the court had discretion to refuse an enquiry if it was satisfied that such an enquiry would be fruitless’.³¹² It is perhaps the importance of public morality and copyright value that underpin this standpoint.

By taking this Canadian judgment as an elucidatory prototype of the remedial approach, some doctrines have given a hint of, or even adopted, parallel approaches in coping with undesirable operation of public policy grounds. Despite no explicit explanation of the remedial approach being found in UK copyright case law, it was tacitly introduced through *obiter dicta* with the realisation that the denying copyright subsistence in an immoral work may increase its infringing copies and, as such, constitute public injury.

As in the UK, there is no judicial precedent advocating the remedial approach

³⁰⁹ *Aldrich v One Stop Video Ltd* (1987) 17 CPR (3d) 27. See also *Pasickniack v Dojacek* [1928] 2 DLR 545, [1923-28] MCC 423 (Can).

³¹⁰ *Aldrich v One Stop Video* (n 286) [56]-[60].

³¹¹ [1987] FSR [112], [113] (CA).

³¹² *Ibid.*

in the area of US copyright protection of obscene works. However, the rationales behind the adoption of the content-neutral approach appear to provide implicit support to the remedial approach, and the statutory status of copyright and its artistic, intellectual and economic values should also be borne in mind when weighing them against public virtues.

The justification approach adopted by the ECJ in cases concerning PAR is also reflective of the remedial approach. This is manifest in its operation, in which the finding of abuse does not take away the subsistence of EU rights, provided that certain conditions are satisfied. The doctrine also operates to ensure recoverable legal benefits as a matter of restoring the normal situation that would otherwise have occurred without the abusive practices.

The Napster approach concerning US copyright misuse is a facsimile of the remedial approach. Although each represents different facets of public policy grounds, they take a similar viewpoint that copyright still exists in the works regardless of violation of public policy. This is seen as a way to keep injunctive and monetary remedies enforceable where necessary.

2.8.2.2 Operation against immorality

Once the use of copyright is found in violation of public policy, particularly in the immorality sense, the remedial approach will operate to allow copyright to subsist and remedies to be available for the following reasons.

Copyright subsistence

As for the doctrines reflecting the immorality aspect of public policy, the operation that allows for copyright subsistence helps minimise the risk that the doctrines would subvert statutory copyright protection and helps the law develop in parallel with ever-changing public moral values. Providing its reprehensible character has been removed or has become acceptable to the public, a work that was once contrary to public policy can be republished and the author will again be entitled to all enforceable remedies conferred. This will help fulfil the underlying copyright's objective of awarding limited privileges to the author.

Available injunction

The grant of an injunction is necessary when the situation concerns claims of copyright protection for what can be described as immoral or reprehensible works. In such a situation, an enforceable injunction will function to prevent further dissemination of the work to the public and deter the proliferation of pirating or free-riding activities. As the public policy grounds aim to protect the public from harm, the availability of injunctive relief helps provide desirable outcomes.

Although the merits of injunctions against immoral works are important, there appears to be a growing concern raised by indecent activities captured on live video-streaming platforms such as Facebook live and Periscope, which demand swift legal responses from many areas of law, including copyright. The live-streaming of videos showing, for example, people being murdered by extremists has reflected both a legal and an ethical dilemma generated by users of this type of service. The service enables anyone to broadcast any events live using their smartphones, and thereby creates newsworthy internet content. However, it also allows violent and disturbing content to continue undermining public values on an unprecedented scale.

While there are other rules governing the showing of this content and obliging the service providers to comply with standard terms of service,³¹³ copyright could also play an important role in scenarios in which those violence-aggravating contents generated live by users qualify as individuals' own original creations and are thereby copyright protected.³¹⁴ In fact, the aforementioned 'emergency brake' function of the public policy doctrine that equips courts with the power to impose an injunction against objectionable materials

³¹³ Especially those regarding privacy, confidence and defamation standards. See Periscope's terms of service in <<https://www.periscope.tv/tos>> and Facebook's in <<https://www.facebook.com/legal/terms>>.

³¹⁴ See brief explanations of copyright's eligible subject-matter requirements in light of user-generated content in Will Clark, 'Copyright, Ownership, and Control of User-Generated Content on Social Media Websites' (2009) <<http://www.kentlaw.edu/perritt/courses/seminar/papers%202009%20fall/Jerry%20clark%20final%20Copyright,%20Ownership,%20and%20Control%20of%20User-Generated%20Content%20on%20Social%20Media%20Websites.pdf>> accessed 1 September 2017.

will not only prevent other users from sharing the violent content online, it will also provide a legitimate basis for which live-streaming service providers are required to have proper policing and filtering mechanisms in place. The doctrine should also allow the providers to take further steps in developing more immediate and proactive injunctive measures than those available to traditional broadcasters to pre-empt such a public threat. While traditional broadcasters are highly regulated and typically subject to licence conditions to use mechanisms when live broadcasting such as a short delay in their broadcasts, during which the authority can block or cut away the problematic parts, a live-streaming service has no such ‘red-button’ facility. Since Facebook does not yet have plans in place to algorithmically filter out nudity and violence, it is largely counting on its own users to report objectionable content to trigger a review and take-down process.³¹⁵

Available monetary relief or damages

This component is of particular importance in the remedial approach where its *ex post facto* recoverable character helps restore the normal situation and helps fulfil the underlying objectives of copyright law and public policy grounds. Firstly, the rightsholders would be incentivised to remove reprehensible elements from their creative works to be able to recover damages they should otherwise have obtained in normal situations. Secondly, retrospectively retrievable damages would caution prospective free-riders not to engage in any further infringing activities because they would have to reconsider damages and profits arising in the frozen period, to which they would be liable once the author becomes entitled to them again after the purge of reprehensible elements.

2.8.2.3 Operation against misuse

In addition to the merits of the remedial approach’s operation in the context of immorality, there are some other benefits to be considered in the context of

³¹⁵ Steve Masters, ‘Live Video and the Law – What You Need to Know’ (2016) <<https://www.vertical-leap.uk/blog/live-video-and-the-law/>> accessed 1 September 2017; Jacob Brogan, ‘Facebook Live’s Big Problem Isn’t Porn. It’s Copyright’ (2016) <http://www.slate.com/blogs/future_tense/2016/04/12/facebook_live_video_has_a_problem_with_copyright_not_porn_despite_rights.html> accessed 1 September 2017.

copyright misuse. With respect to the injunctive relief, not only is it granted to protect the public from further harmful publication of the work, but also to put an end to abusive manner under which copyright is exercised, i.e. anti-competitive licensing agreements or copyright monopoly. In regard to retrospectively recoverable damages, this would pre-empt the subversive effect of substitution products caused by an inability to retrieve any damages arising during the misuse period. In essence, such inability may adversely increase a number of free-riders and customers who can freely use the product without any liability. Due to the low cost, they would in turn substitute such product for other copyright products in the competitive market. Making the remedies recoverable during the misuse or abuse period will therefore protect the competitors in relevant market from unfair competition caused by such substitution effect.

These nuances can be justified by the two different, but related, tasks of public policy prioritising different matters in different jurisdictions. The doctrines reflecting the immorality aspect place their focus on the public liability to which copyright should have regard. The doctrines representing the misuse aspect are more engaged in the situation where exclusive rights are claimed beyond the granted scope primarily for commercial benefits. Therefore, the finding of misuse or abuse is sometimes justified by the competition rules, instead of morality rules.

The shift from the denial approach to the remedial approach in terms of its legal operation might stem from an attempt to diminish the likelihood that public policy grounds would operate to cause prejudice to statutory law because, ultimately, the paramount objective of copyright law lies in a fair balance between rewarding short-term copyright monopoly to the author and safeguarding the long-term public interest by limiting such monopoly within an appropriate level.

2.9 Conclusion

Different forms of limitations to copyright are designed to balance the copyright spectrum by delimiting the way an exclusive protection over copyright work is exercised. This is to ensure that the social cost in granting a

short-term monopoly to rightsholders is not overreaching to the detriment to long-term public benefits.³¹⁶ Giving full monopoly to the works which constitute prejudice in the context of immorality or injustice to the public can be seen as contrary to copyright's objectives. When there exists such prejudice, all the national authorities examined in this chapter seem to adopt what is described as the doctrine performing an emergency brake role or public policy grounds to restore such balance. Although this doctrine is recognised differently in different jurisdictions, such divergent recognitions converge towards the same end – putting some limits to the enforcement of copyright in particular cases. This represents the restrictive aspect of what operates as a limitation to copyright.

The underlying concern is legal uncertainty caused by the non-statutory and non-uniform character of the public policy grounds in international copyright, which is responsible for national judicial authorities' reluctance to rely on the doctrine. There has been a call for a statutory basis to which those authorities can have recourse with more clarity and certainty.³¹⁷

A statutory public interest defence should be introduced into international copyright law with an incorporated aspect of grounds of public policy. In doing so, the principles and scope of how the public policy grounds could operate in copyright law must be provided in an elaborate, comprehensive and certain manner (section 5.1 below). Although it is impractical to throw the net over all divergent aspects of public policy, the principles proposed should perform two roles; safeguarding and corrective.

Safeguarding role

Established principles of public policy provide a certain and valid set of minimum standards for authorising courts to resort to the doctrine. Those principles also suggest the limited scope of the doctrine's operation against statutory copyright in terms of injunctive and monetary remedies. This

³¹⁶ *Harper & Row Publishers Inc v Nation Enters* (1985) 471 US 539; *Mazer v Stein* (1954) 347 US 201, 219.

³¹⁷ Dworkin (n 46) 148. 'Public policy has always been likened to an unruly horse. On balance, unless courts are statutorily invited to ride it, it is more prudent for judges to steer clear of using it'.

guarantees that the underlying purposes of copyright and public policy can be fulfilled when applying such doctrine to particular cases. Briefly, this role warrants that the court can rely on the established public policy grounds with certainty when exercising its valid, but limited, discretion.

Corrective role

This proposed ground also allows some breathing space for courts to perform their discretionary gap-fulfilling role whenever there exists new emerging circumstances deemed as falling within the scope of public policy grounds. Particularly in the context of immorality, such flexibility will enable the court to cope with gradual moral changes perceived by the public.

Chapter 3. Freedom of Expression

3.1 Introduction

Copyright is by its nature not an absolute right, but subject to restrictive and encouraging limitations. While the first chapter explored the scope and operations of the former type of limitations, this chapter focuses on the latter type, which is largely shaped by freedom of expression. The right is regarded as a fundamental human right, performing the role of allowing everyone to freely express, seek, receive or impart information and ideas of all kinds.³¹⁸ This chapter examines the interface between copyright, exclusively rewarded to the author's creations, and freedom of expression, vested in every member of the society to have access and enjoy the benefits arising from such creative expression.

Freedom of expression has been widely recognised not only at the international level, but also at regional and national levels in the forms of legal provisions in treaties, conventions and domestic legislation.³¹⁹ Internationally, the right is recognised as giving rise to obligations to guarantee to everyone the right to hold and express their opinions, and to seek, receive, and impart information and ideas of all kinds, regardless of boundaries, without unjustified disruption. The right is said to constitute a fundamental basis for a free and well-functioning democratic society where the utmost attention is paid to the principles of pluralism, tolerance and broadmindedness. It also serves to heighten the level of transparency and accountability in such a society.³²⁰ For these reasons, the right to freedom of expression is one of the essential conditions in ensuring a healthy democracy and the full enjoyment of other

³¹⁸ Universal Declaration of Human Rights (UDHR), Art 19; International Covenant on Civil and Political Rights (ICCPR), Art 19.

³¹⁹ For example, at the international level, see UDHR, Article 27(1); ICCPR, Article 19; International Covenant on Economic, Social and Cultural rights (ICESCR), Article 15(1)(a), (b). At the regional level, see ECHR, Article 10(1); American Convention on Human Rights (ACHR), Article 13. At the national level, see Human Rights Act 1998 (HRA), Schedule 1, Section 1(3), Article 10; The First Amendment to the United States Constitution.

³²⁰ See also the US rationale of strongly protected free speech in Embassy of the United States of America, 'Freedom of Expression in the United States (2013)' <<http://iipdigital.usembassy.gov/st/english/pamphlet/2013/04/20130416145829.html#axzz3u1fb5MKY>> accessed 12 October 2015.

human rights.³²¹

3.1.1 Scope of protection and interface with copyright

Freedom of expression protects the interests in expressing, seeking, receiving and imparting information and ideas.³²² There are therefore two dimensions to freedom of expression – individual and public. The right to hold and express opinions conveys an individual dimension, as this right belongs to every individual who shall not be unreasonably restrained from expressing their own views.³²³ The public dimension reflects collective benefits that a society could receive from individual expressions, especially those provided by intermediaries, such as newspapers and the media.³²⁴ In this chapter, ‘freedom of expression’ refers to this wider public dimension. When fully implemented, it not only forms the cornerstone behind an individual’s exercise of the freedom, but also intersects with the way in which other fundamental rights, such as copyright, are exercised by other individuals, especially in the wake of technological development.

The protection of freedom of expression encompasses two aspects: the substantive expressions and the receipt of expressions. In protecting the former, freedom of expression protects content of expression, including political, civil, artistic and commercial.³²⁵ With the receipt of expressions, freedom of expression may come into a conflict with copyright law when its scope goes further to protect means in expressing the information or ideas, such as books, leaflets, posters, video, paintings or printed papers. Protecting means of expressions is based on the justification that an individual is entitled ‘to freely choose whichever modality is deemed most appropriate to convey his expressions to attract the widest possible audiences’,³²⁶ and copyright law also seeks to protect the originally expressed representations of the authors’ creative

³²¹ The UN Human Rights Committee on ICCPR, General Comment No 34, CCPR/C/GC/34, paras 2-4. *Handyside v UK* App no 5493/72 (ECHR, 7 December 1976) para 49. See also David Harris and others, *Law of the European Convention of Human Rights* (3rd edn, OUP 2014) 613-14.

³²² See the text of UDHR, Article 19 and ICCPR, Article 19.

³²³ HRC General Comment No 34 (n 321) para 13.

³²⁴ *Ibid.*

³²⁵ Harris and others (n 321) 629-635.

³²⁶ See, for example, *Women on Waves and others v Portugal* hudoc (2009) para 38.

works, not the ideas or facts from which such works are made. Therefore, there may well exist circumstances in which the author's creative expression, which is copyright protected, needs to be imparted in its original form to satisfy the wider public whose interests can be collectively justified by the right protected by freedom of expression to receive information. In such situations, copyright protection may be prevented from performing its restrictive role in prohibiting such expressions from being copied and imparted in original forms. The author's interest is subordinate to that of the societal interest in freedom of expression. Having noted that neither of these legal disciplines is of an absolute nature,³²⁷ overprotecting one right can come at the expense of the other.³²⁸ This may then require a mechanism to maintain or restore the balance between these two areas of law.

3.1.2 Chapter aim and outline

The interface between copyright and freedom of expression is one of the most debated areas of law,³²⁹ in which the problem of inadequate protection of the latter in the former regime occurs due to an imbalance of interests and legal uncertainty in international copyright law. These drawbacks are primarily rooted from lack of certain copyright rules protecting freedom of expression and inconsistent exercise of courts' discretion in deciding cases. This chapter will attempt to establish certain criteria that can be used to determine how far copyright can override freedom of expression concerns, and vice versa. Such certainty may in turn help retrieve the lost balance of interests between rightsholders and users. Indeed, the proposition is that, because a manifest guarantee of freedom of expression in the copyright regime can create an important mechanism from which the public value is securely warranted, the extent to which freedom of expression with its certainty of principles can be brought under the scope of the proposed public interest defence can be conducive to the trade-off between the two interests in the international

³²⁷ Each is subject to justified interference. See ECHR, Article 10(2) and copyright's L&Es.

³²⁸ Jehoram Herman Cohen, 'Copyright and freedom of expression, abuse of rights and standard chicanery: American and Dutch approaches' (2004) EIPR, 275, 276. See also *Harper & Row v Nation* (n 316) 539.

³²⁹ Krisjanis Buss, 'Copyright and Free Speech: The Human Rights Perspective' (2015) 8(2) Baltic Journal of Law & Politics 182, 189-193.

copyright system.

This chapter begins with an examination of some of the philosophical theories underpinning intellectual property rights (IPR), to determine which philosophy can be best used to describe the original legislative purpose of the IPR. There will be an examination of the relationship between IPR and human rights in which the cultural rights framework, which comprises the right to cultural participation, the right to science and the protection of authorship,³³⁰ will be scrutinised to find out in what sense it offers a strong ground for the relationship between both rights to be accommodated. The answer will allow us to understand the relationship between IPR and human rights in the international sphere as either conflicting or reinforcing. By placing the emphasis on the latter view, some provisions in both international and regional human rights instruments will be brought into the discussion to illustrate how IPR and human rights can live together untroubled with built-in balancing mechanisms. In the context of copyright law, there is a general recognition that the internal balance between IPR and human rights appears in the form of L&Es or the so-called internal controls through several principles, namely originality, idea-expression dichotomy, terms of protection and copyright exceptions. These principles will be examined to establish whether they are sufficient to maintain the balance between copyright and the public interest, given the increasing demand for highly-protected copyright materials accelerated by the influence of international trade and technological advances.³³¹ A negative answer may require the use of an external control, such as freedom of expression, to which judges can resort with certainty to rectify the balance in the copyright system.

This chapter attempts to determine whether or not establishing particular criteria of the external balancing control is necessary for protecting the public interest in international copyright regime, and, if so, to what extent this can be

³³⁰ UDHR, Art 27; ICESCR, Art 15.

³³¹ Peter Drahos and Herchel Smith, 'The Universality of Intellectual Property Rights: Origin and Development' (2014)

<http://www.wipo.int/edocs/mdocs/tk/en/wipo_unhchr_ip_pnl_98/wipo_unhchr_ip_pnl_98_1.pdf> accessed 15 September 2015.

done. A particular focus will be placed on elaborating the built-in balance encapsulated in Article 10 ECHR and to explore to what extent this provision and its case law can be fleshed out in detail and adopted as an international balancing tool to safeguard the public interest in the copyright regime. The analysis will also take into account the relationship between freedom of expression and the media, wherein the latter can be a supportive vehicle to the exercise of the right in the information society. The consideration will particularly attempt to justify why and to what extent the media and journalists as a public watchdog should be conferred some privileges by freedom of expression because their work yields benefits to the public. It will also explore if the enjoyment of freedom of expression will more likely be upheld against other competing rights, including copyright.

3.2 The interface between copyright and freedom of expression

3.2.1 Intellectual property rights

Although the interface between copyright and freedom of expression is the main subject of this chapter, a broader picture of this discourse is reflected in the interaction between IPR and human rights and this relationship has been debated extensively over the last two decades.³³² As IPR and human rights are the foundations in which copyright and freedom of expression exist respectively, it is important to understand how these categories of rights interact with each other. To examine this relationship, it is important to first have a comprehensive insight into different justifications for IPR and, second, to be able to determine under which theory IPR can be best justified, given its original legislative purpose in fulfilling individual interests, social functions and a human rights dimension.³³³ Three philosophical justifications are primarily of relevance: natural rights, utilitarianism and human rights.

³³² Estelle Derclaye, 'Intellectual Property Rights and Human Rights: Coinciding and Cooperating' in Paul L C Torremans (ed), *Intellectual Property and Human Rights: Enhanced Edition of Copyright and Human Rights* (Kluwer Law International 2008) 133-134.

³³³ UNGA 'Report of the Special Rapporteur in the field of cultural rights: Copyright policy and the right to science and culture' 28th session A/HRC/28/57 (2014), para 90.

3.2.1.1 IPR as natural rights

The natural rights justification is author-favouring. It establishes that any creative or innovative works made by an individual are fruits of the author's own labour; therefore, as the creator of such work, they naturally have exclusive rights to enjoy both the moral and economic interests derived from their own intellectual property.³³⁴ The enjoyment of the moral interest is based on the proposition that an absence of the recognition of one's right to intellectual property is an attack on their moral value.³³⁵ As an advocate of this theory, John Locke held the view that the right to property is a natural right.³³⁶ Ownership is justified by the creator's labour employed to produce it, and by the fact that the property is a representation of their personality. Given this unique personal link between the creator and their contribution to the creation of property, they have certain dominant rights to use that property.³³⁷ While it is too nuanced to conclude that individuals' interests take precedence over any other competing interests under this justification, and Locke himself stated that, as property rights are legitimately acquired only if 'there is enough and as good left in common for others',³³⁸ it has been accepted and adopted by some civil law-based countries³³⁹ but it is at odds with the utilitarian justification.

3.2.1.2 Utilitarianism

The utilitarian justification asserts that IPR are justified by their instrumental benefits in promoting broader societal value.³⁴⁰ As such value is prioritised, a firm guarantee of intellectual property protection incentivises novel creations. These can in turn be enjoyed by public users, who, by using the ideas, systems

³³⁴ John Locke, *Two Treatises of Government* (P. Laslett, ed, Cambridge: Cambridge University Press, 1970), Second Treatise, Sec 27.

³³⁵ Ayn Rand, *Capitalism: The Unknown Ideal* (Signet 1986), chapter 11: Patents and Copyrights.

³³⁶ Karen Vaughn, 'John Locke and the Labour Theory of Value' (1978) 2 (4) *Journal of Libertarian Studies* 311, 326. The word 'property' was used in both narrow and broad sense. It therefore covers not only material goods, but also a wide range of human interests and aspirations, such as intellectual property.

³³⁷ *Ibid.* See also, Stephen R Munzer and Kal Raustiala, 'The Uneasy Case for Intellectual Property Rights in Traditional Knowledge' (2009) 27 *Cardozo Arts & Entertainment* 37, 59.

³³⁸ See Locke (n 334) Second Treatise, Sec 27. See also Adam Mossoff, 'Saving Locke from Marx: The Labour Theory of Value in Intellectual Property Theory' (2012) 29(2) *Social Philosophy & Policy* 283, 294.

³³⁹ The UNGA Report (n 333) para 30.

³⁴⁰ Fisher (n 8).

and facts conveyed in such works, are deemed to be future creators.³⁴¹ Hence, property rights are granted to creators as a way in which the public interest can be best served and developed in terms of science and arts. This approach has been adopted in the US, as seen in its copyright and patent clause of the US Constitution which provides that Congress is granted power ‘to promote the progress of science and useful arts, by securing to authors and inventors for a limited time the exclusive rights to their respective writings and discoveries’.³⁴² It is further accepted that rewards given to intellectual works in terms of legal protection to the creators are regarded as an instrument or vehicle in the form of commercial regulation, destined to achieve another greater end: to benefit society with scientific and artistic progress.³⁴³

3.2.1.3 Human rights justification

Using human rights to justify the compromise settlement between IPR and its limitations is a recent phenomenon. Its starting point was sketchily derived from some legal instruments and case law.³⁴⁴ Some important points regarding this approach are worth considering. First, classifying IPR as a human right is viewed as a combination of the two justifications considered above, because human rights can embrace the values of both natural law and utilitarian theory. Not only may human rights be seen as natural rights,³⁴⁵ they can also uphold the pursuit of the social welfare goal to promote the well-being of the larger public, following the utilitarian view.³⁴⁶ Secondly, the interdependent and indivisible nature of human rights suggests that a balance can be achieved between the enjoyment of human rights through the balancing mechanisms and

³⁴¹ Scott M Martin, ‘The Mythology of the Public Domain: Exploring the Myths Behind Attacks on the Duration of Copyright Protection’ [2002] 36(1) Loyola Law Review 280.

³⁴² US Const, Art I, sec 8, cl 8. It is not necessarily always the case that Utilitarianism is the dominant justification of US IP laws, see Adam Mossoff, ‘Why Intellectual Property Rights? A Lockean Justification’ (2015) <<http://www.libertylawsite.org/liberty-forum/why-intellectual-property-rights-a-lockean-justification/>> accessed 2 September 2017.

³⁴³ Derclaye (n 332) 136; UNGA Report (n 333) para 30.

³⁴⁴ Derclaye (n 332) 138.

³⁴⁵ Even though this view is not the universal theory of human rights, the natural law tradition is the precursor of human rights discourse dated back in the aftermath of World War II and the Holocaust. See Jack Donnelly, *Universal Human Rights in Theory and Practice* (2nd edn, Cornell University Press 2003) 13-14.

³⁴⁶ This view signifies the exercise of a particular human right to protect larger societal benefits, rather than individual ones. See Derclaye (n 332) 137.

limitations entrenched in human rights instruments.³⁴⁷ The recognition of such mechanisms stems from the realisation that human rights in the context of the Universal Declaration of Human Rights (UDHR) and its two subsequent Covenants are perceived as both an individual and societal interests, which need to be balanced and ‘retained within the objective of realising the core rights recognised in international human rights law’.³⁴⁸ It has been suggested that IPR and their limitations, which are still subject to concerns of imbalance in the context of natural law and utilitarian justifications, can be better balanced by looking through the human rights lens. Thirdly, as most of the limits to IPR are linked to the enjoyment of the author’s creations or innovations by others, there is the suggestion that IPR inherently pay respect to human rights through their L&Es regime in which some breathing space is reserved for other competing fundamental interests to be weighed up against those of authors. In fact, the aims in common between IPR and human rights can be viewed as attempting to address the same challenge: how to strike a fair balance between two divergent goals – ‘rewarding human creativity and innovation and simultaneously ensuring public access to the fruits of those endeavours’.³⁴⁹ These two goals are balanced and assigned to work in tandem within the framework of cultural rights, which are protected by international human rights regimes.³⁵⁰

Given the merits elaborated above, the human rights approach is a contemporary and reconciling way of justifying the existence of IPR. The individual and public aspects of human rights can be used to justify IPR and its limits. Both serve to enhance each other and share the same aspiration of promoting the overall well-being of humans, by way of addressing a trade-off between individual and public interests.³⁵¹ Other than rights regarding freedom

³⁴⁷ Ibid. See, for example, both Article 10 ECHR and Article 13 ACHR have limitations in their second paragraphs.

³⁴⁸ See UDHR, Art 29; ICESCR, preamble para 5; ICCPR, preamble para 5.

³⁴⁹ Laurence R Helfer and Graeme W Austin, *Human rights and intellectual property: Mapping the Global Interface* (CUP 2011) 507. See also the UNGA Report (n 20) para 4.

³⁵⁰ The UNGA Report (n 310) para 4. See UDHR, Art 27; ICESCR, Art 15.

³⁵¹ For further discussion regarding this approach, see Derclaye (n 333) 133-146; Daniel Gervais, ‘Intellectual Property and Human Rights: Learning to live together’ in Torremans P (ed), *Intellectual Property and Human Rights: Enhanced Edition of Copyright and Human Rights* (Kluwer Law International 2008) 3-24.

from torture, slavery and servitude, human rights instruments contain a balancing mechanism, and this is mirrored in the IPR regime, appearing in the forms of the built-in, both statutory and non-statutory, L&Es system.

3.2.1.4 Strengthening the human rights justification

In addition to the aforementioned advantages, there are two notable arguments in support of the adoption of the human rights approach to justify IPR and its intimate relationship with human rights. First, the implicit guarantee of intellectual property protection under the framework of cultural rights is a tacit reflection that IPR is part of human rights. Cultural rights are recognised in some international human rights instruments, such as Article 27 UDHR and Article 15 ICESCR.³⁵² Generally speaking, cultural rights relate to interests in art and culture, which are protected by two implied safeguards working alongside each other: the right to culture and science and the protection of authorship.³⁵³ There are three aspects to these interests: (1) the right to take part in cultural life; (2) the right to enjoy the benefits of scientific progress and its applications; and (3) the rights of authors and inventors to the protection of their moral and material interests. The latter safeguard ensures the protection of the moral and material interests of creators arising from their own scientific, literary or artistic production, and this is the basis of the protection of IPR in human rights.³⁵⁴ The guarantee of cultural and scientific participation is reflected in the intellectual property L&Es system,³⁵⁵ which can be seen in the fact that the drafters of Article 27 UDHR originally wished to protect intellectual and artistic activities, which included all forms of creativities of individuals or groups to be freely expressed for the full development of their lives and society.³⁵⁶ IPR confer on creators the right to attribution and integrity³⁵⁷ and the right to have an adequate standard of living through the

³⁵² Julie Ringelheim, 'Cultural Rights' in Daniel Moeckli and others (eds), *International Human Rights Law* (2nd edn, OUP 2014) 288.

³⁵³ Ibid. 287.

³⁵⁴ Ibid. 297.

³⁵⁵ See UN Committee on Economic Social and Cultural Rights (CESCR), 'Human rights and intellectual property' E/C 12/2001/15, Geneva, November 12–30, 2001. According to the Committee, L&Es are there to ensure that other human rights, namely the right to benefit from cultural and scientific progress, are duly respected in the IPR regime.

³⁵⁶ Ringelheim (n 352) 288.

³⁵⁷ Berne Convention, Art 6*bis*.

receipt of subsequent financial benefits. This corresponds to one of the fundamental principles of cultural rights protection: safeguarding the creator's moral and material interests. The CESCR also acknowledges that the close connection between material interests and right to own property implies that IPR may well be justified using human rights.³⁵⁸

Another supportive basis of the human rights justification can be viewed through the lens of the right to property. A firm recognition of this view can be found in the EU fundamental rights regime where intellectual property is protected under the rubric of right to property guaranteed in Article 17 CFREU.³⁵⁹ Accordingly, the property that is intellectually created by an individual should also deserve to be recognised within the purview of human rights concerns.

3.2.2 Intellectual property rights and human rights: conflicting foes or co-existing friends

Despite the human rights approach justifying the original underpinning of IPR, this section will consider how IPR conflicts with some human rights. In particular, it will focus on the extent to which the influence of trade on IPR under the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) could destabilise the peaceful relationship between IPR and human rights. It will then consider the argument that both bodies of rights do not actually conflict, but rather coexist and are mutually reinforcing.

3.2.2.1 Conflict

The human rights theory endorses the view that IPR can fit into the human rights framework, by which the balance of interests between one person and others is provided for in human rights instruments. This view can be particularly understood if considered in light of the protection of cultural rights by human rights law. Here the right to intellectual property is preserved by the protection of creator's moral and material interests from his productions,

³⁵⁸ *Committee on Economic, Social and Cultural Rights (CESCR) General Comment No 17, E/C 12/GC/17 para 15.*

³⁵⁹ The second paragraph reads 'Intellectual property shall be protected'. See also The UNGA Report (n 333) para 52.

embedded in Article 15(1)(c) ICESCR. Meanwhile, other human rights aspects, which may also appear in the form of L&Es in the IPR system, are protected by the public-oriented right to culture and science, enshrined in the same provision. The CESCR supports the view of internal balance³⁶⁰ by acknowledging that the interests protected by Article 15 are ‘intrinsically linked, mutually reinforcing and reciprocally limitative’.³⁶¹

However, there has been an ongoing concern about an imbalanced IPR regime, and in particular the issues of inadequate protection of authorship and overprotected IPR for commercial interests. These have occurred as a result of the evolution of IPR in response to market economy concerns.³⁶² This external influence has shifted the way in which the relationship between IPR and human rights was originally perceived. It has led to the failure of IPR to keep its human rights component intact. The emergence of the TRIPS agreement is the most salient manifestation of how IPR development has started to move away from its human rights orbit. As much as it is explicit in its name as a trade and IP-related agreement, TRIPS is the most comprehensive multilateral intellectual property agreement to date. Its major contribution is an imposition of high standards of IP protection on all World Trade Organisation (WTO) members and its strong enforcement mechanism. Under the administration of the WTO, this agreement is understood as the process through which intellectual property law has for the first time been introduced into the international trade regime. Accordingly, the scope of IPR protection recognised in TRIPS is circumscribed by the prevailing aim of ensuring that there is no prejudice to international trade.³⁶³ This influence has led to the concern that human rights, as safeguarded within the IPR regime, have been stifled and inadequately protected.³⁶⁴ The influential trade aspect of IPR places an excessive focus on the commercial sense of intellectual goods in a way that allows ‘commercialisation of the products between real authors and

³⁶⁰ The CESCR report (n 358).

³⁶¹ Ibid. para 3.

³⁶² Ringelheim (n 352) 290.

³⁶³ See TRIPS, preamble.

³⁶⁴ Brodi Kemp, ‘Copyright’s Digital Reformulation’ (2003) 5 (1) YJLT 141, 153.

corporations'.³⁶⁵ Therefore, it is likely that the balance is tipped in favour of the rightsholders.³⁶⁶ This is evident in the TRIPS drafting approach, where all the substantive provisions of the Berne Convention and Paris Convention have been incorporated by reference and subject to strict compliance between WTO members, except the provisions concerning moral rights.³⁶⁷ Under the current IPR regime, this controversial exclusion tends to favour the situation where moral rights, which are non-transferrable and inseparable from the real creators in a human rights perspective,³⁶⁸ may be waived or signed away by means of a contract to other rightsholders such as corporations, investors or publishers.³⁶⁹ This may result in the common practice where the real authors seeking to commercialise their works may be forced negotiate a licensing agreement with financially powerful corporate rightsholders. Although this might not have a significant effect on the real authors' interests in general, it may weaken them in decision-making where the inextricable moral interests in their intellectual works can be taken away.

A greater influence of the trade-oriented aspect of IPR over other human rights values can be evident from an expansion of copyrightable subject-matter, new exploitation rights and low threshold of protection.³⁷⁰ The protection of IPR is increasingly driven towards the economic affluence of rightsholders. This affects the threshold of the protection in a way that requires 'less significant efforts than any other underlying reason for protection, be it creativity, inventiveness or even good will or origin'³⁷¹ for the sake of promoting free trade of IP goods. As a consequence, this may explain why copyright law, for instance, begins to see some emerging expressive forms such as digital music and films, online materials and computer programs as an extension of

³⁶⁵ The UNGA Report (n 333) para 19.

³⁶⁶ Kemp (n 364) 153.

³⁶⁷ See TRIPS, Art 9, Berne Convention, Art 6*bis*. See also The UNGA Report (n 333) para 25.

³⁶⁸ The UNGA Report (n 333) para 28.

³⁶⁹ Article 19, 'The Right to Share: Principles on Freedom of Expression and Copyright in the Digital Age' (2013) <<https://www.article19.org/data/files/medialibrary/3716/13-04-23-right-to-share-EN.pdf>> accessed 25 July 2015.

³⁷⁰ Madeleine de Cock Buning, 'Expansion and convergence in copyright law' in Willem Grosheide (ed), *Intellectual property and Human rights: A Para dox* (Edward Elgar 2010).

³⁷¹ Fiona Macmillan (ed), *New Directions in Copyright Law* (2005 Edward Elgar) 110.

copyrightable subject-matter.³⁷²

Another obvious example is the emergence of the three-step test incorporated in Article 13 TRIPS and its negative effect on the intellectual property L&Es system.³⁷³ Here the balance between IPR and human rights that should be struck within the former system through its L&Es regime has been undermined by the influence of trade law. This concern is closely associated with the interpretation of Article 13 TRIPS by the WTO Panel.³⁷⁴ Under TRIPS, the test has been subject to trade considerations. This has resulted in the situation where the test is interpreted in a way that overemphasises the rightsholders' economic interests, as such L&Es becoming optional and other human rights interests thereby disregarded.³⁷⁵ This situation has a negative effect on the enjoyment of other human rights. This is particularly so in relation to users' rights to have access to scientific and artistic progress,³⁷⁶ and the CESCR is right to argue that theory that intellectual property protection reflects the protection of human authorship recognised in Article 15(1)(c) ICESCR is fallacious when 'contemporary intellectual property laws go beyond what the right to protection of authorship requires, and may even be incompatible with the right to science and culture'.³⁷⁷ Despite the intrinsic balance between IPR and human rights explained through the cultural rights perspective, there may be a conflict between both bodies of rights when moral interests of authorship are under-protected, and the economic interests of corporate rightsholders are overvalued.³⁷⁸ Both of these issues are caused by the influence of trade in TRIPS and it is this type of conflict that potentially causes harmful effect to other human rights values and so requires an external tool to restore the balance.

³⁷² Paul Goldstein, *Goldstein on Copyright* (3rd edn, Wolters Kluwer 2017) Section 2.7.

³⁷³ See other similar provisions in Art 9(2) Berne Convention.

³⁷⁴ *United States – Section 110(5) of the US Copyright Act* (WT/DS160/R) report of the Panel, adopted 27 July 2000. (WTO Panel-Copyright (2000) *hereinafter*). See more considerations on this point in Chapter 4 section 4.2 below.

³⁷⁵ UNGA Report (n 333) para 74, 75. See Chapter 4 section 4.2 below.

³⁷⁶ *Ibid.*

³⁷⁷ The UNGA Report (n 333) para 26.

³⁷⁸ Drahos and Smith (n 331) 23.

3.2.2.2 Reinforcing

Despite the concerns expressed above, many human rights advocates argue that recognising the IPR-human rights relationship as reinforcing is a more constructive approach in solving the problem of the overprotection and imbalance of certain interests in the IPR regime.³⁷⁹ This can simply be achieved by retrieving the human rights value of IPR through the firmly-recognised perpetual nature of real human creators' moral interests in the international IPR system. When such interests become inalienable and safe from abusive activities by subsequent rightsholders,³⁸⁰ this salvaged human rights character will ensure that IPR are equally recognised as fundamental human rights. IPR will then share the same goals as human rights: to not only promote the moral and material interests of one particular individual, but also to encourage artistic and scientific progress through the social, economic and cultural participation of others. Having taken this approach, there are, by implication, two key points.

First, to suggest that IPR are part of human rights is comparable to what can be identified as a 'quasi-instrumental view', whereby both bodies of rights reinforce and sometimes learn a great deal from each other.³⁸¹ As far as the instrumental view is concerned, it suggests that IPR exist merely to be instrumental rights, which help pursue the greater end of human rights for societal benefits. It thus characterises human rights as having primacy over IPR, based on the principal aim of social welfare.³⁸² However, the quasi-instrumental character balances such goal against the value of individuals' moral and material interests. Hence, seeing IPR through the lens of human rights paves the way for fulfilling the human rights obligations both in the public and individual aspects.

Secondly, the method by which the fair balance between the two human rights goals – both the individual and public – can be achieved is already set out in provisions of international human rights instruments, namely Article 27 UDHR

³⁷⁹ Helfer and Austin (n 349) 31-33.

³⁸⁰ The UNGA Report (n 333) paras 44-51, 101.

³⁸¹ Drahos and Smith (n 331) 25.

³⁸² Ibid. 22.

and Article 15 ICESCR.³⁸³ The internal balancing mechanism is even more identifiable in the area of freedom of expression, which usually intersects with copyright, as implicitly recognised through some international and regional human rights provisions such as Article 19 ICCPR and Article 10 ECHR. The following sections will therefore examine what these human rights balancing provisions provide, and to what extent they are, either adequately or otherwise, reflected in the context of copyright internal mechanisms.

3.2.3 Unfolding the built-in balancing of human rights

Article 27 UDHR and Article 15 ICESCR establish the general balance between copyright and human rights through the protection of authorship and the guaranteed enjoyment of artistic and scientific advance. The protection of an author's moral and economic rights derived from any of their scientific, literary or artistic works is guaranteed by both Article 27(2) UDHR and Article 15(1)(c) ICESCR. The rationale for these protections stem from two divergent justifications for copyright that underpin two important aspects of authors' rights:³⁸⁴ the moral rights tradition delineates the right to be recognised as an author of intellectual creations, and an author's honour and reputation emanate from the personal link with his work and should be protected from distortions, mutilation or modification; and second, the utilitarian tradition endorses the right to enjoy an adequate standard of living by claiming financial rewards from personal contributions.³⁸⁵ These provisions are seen as having an author-favoured character, which resembles what copyright law is intended to protect.³⁸⁶ At the same time, given that they are entrenched in human rights instruments, the human rights status of these concerns is recognised.³⁸⁷

Article 27(1) UDHR and Article 15(1)(a)(b) ICESCR reserve some breathing space for the public in general to exercise their rights to participate in cultural

³⁸³ Helfer and Austin (n 349) 31-33; Paul Torremans, 'Copyright as a Human Right' in Paul Torremans (ed), *Copyright and human rights: Freedom of expression – Intellectual Property – Privacy* (Kluwer Law International 2004) 4-10.

³⁸⁴ The UNGA Report (n 333) para 30.

³⁸⁵ CESCR General Comment No 17 (n 358) paras 13,15,31; Ringelheim (n 352) 300; Torremans (n 383) 6.

³⁸⁶ See Berne Convention (revised in 1971), introducing texts; WCT, preamble – both aim to protect the rights of authors in as effective and uniform a manner as possible.

³⁸⁷ Torremans (n 383) 5.

life by enjoying the benefits of scientific and artistic progress that result from such intellectual creations. This proposition has been developed from the view that it is unfair to other individuals if human rights rules benefit only minor groups of people.³⁸⁸ Ideally, everyone should equally share the benefits of intellectual property.³⁸⁹

Cultural rights can be enjoyed and promoted through the guarantee of the right to freedom of expression,³⁹⁰ and the balance in the enjoyment of the former is explicitly set out in freedom of expression provision.³⁹¹ The right of everyone to hold opinions, seek, receive and impart information and ideas without interference can enhance the public enjoyment of artistic and scientific progress, and the allowance for interference with the enjoyment of these rights for the legitimate aim of protecting the rights or reputations of others reflects the guarantee of moral and material interests of authorship. The balancing mechanisms in human rights instruments that protect cultural rights and freedom of expression thus appear to recognise individual interests in the context of copyright protection. They also include such interests in their fundamental safeguards to be a precondition to the full enjoyment of cultural, scientific and artistic progress of society.³⁹²

When viewing this balance of interests, it is unclear how it is treated in the copyright instruments. Some claim that the built-in copyright L&Es system provides for reconciling exclusive rights with the public interest and is a proper reflection of this balance. The following sections thus consider how far and how well the copyright L&Es system can reflect the balance between individual and public interests.

3.2.4 Principles determining the copyright protection threshold

The no-conflict situation elucidated above suggests that the balance between the protection of authorship and the enjoyment of cultural participation and scientific progress in international human rights instruments exists in the

³⁸⁸ Ibid.

³⁸⁹ Ibid.

³⁹⁰ The UNGA Report (n 333) para 98.

³⁹¹ See Article 19 UDHR as a milestone freedom of expression provision.

³⁹² Torremans (n 383) 9,10.

international copyright regime through the balance between copyright protection and its built-in L&Es. While copyright protections aim to protect individual interests, the L&Es system is seen as the basis under which the obligation to ensure the right to freedom of expression is fulfilled through the recognition of the originality requirement, idea/expression dichotomy, term of protection, and exceptions principles. These copyright L&Es are also expressly recognised in international copyright instruments, namely of the Berne Convention and TRIPS.³⁹³ L&Es create room for public users to freely enjoy the benefits of creative ideas, non-original expressions, works in the public domain and even unauthorised uses of protected works in certain circumstances, and the balance between copyright and freedom of expression is reflected in some leading cases.

US cases

*Harper & Row v The Nation*³⁹⁴

The judgment in this case represents the US Supreme Court's conception of the relationship between copyright and the First Amendment protection of free speech. The Court recognised that both rights are protected at the constitutional level, and that US copyright law had already internalised freedom of expression values into its own system. It also asserted that copyright legislators viewed copyright as a legal artefact³⁹⁵ and desired it to be the engine of freedom of expression. Copyright provides secured fair returns for authors' creations in terms of marketable rights and economic incentives as a way of achieving the objective of promoting the progress of useful scientific and artistic expressions for the public benefit. In light of all of these considerations, there was no conflict between the two regimes.³⁹⁶ The Court acknowledged that the internal balance between copyright and freedom of expression is guaranteed by the two built-in free speech protections in copyright law: the

³⁹³ Berne Convention, Arts 2(3) and 14*bis*(1) for originality principle; Berne Convention, Art 7 for terms of protection; TRIPS, Art 9 (2) for idea-expression dichotomy. For limitations and exceptions see TRIPS, Art 13; Berne Convention Arts 9, 10, 10*bis*.

³⁹⁴ (1985) 471 US 539; Helfer and Austin (n 349) 243.

³⁹⁵ *Mazer v Stein* (n 316). See also Michael D Birnhack, 'Copyrighting Speech: A Trans-Atlantic View' in Paul Torremans (ed), *Copyright and human rights: Freedom of expression – Intellectual Property – Privacy* (Kluwer Law International 2004) 3.

³⁹⁶ *Harper & Row v Nation* (n 316) 558; Birnhack (n 395) 43.

idea/expression dichotomy and the fair-use doctrine. The first provides a definitional balance between the two rights by ‘permitting free communication of facts while still protecting an author’s expression’,³⁹⁷ whilst the fair-use doctrine is tailored to quash copyright when the works at issue are determined to be of public interest.³⁹⁸ In essence, the judgment simply suggests that in the US copyright regime free speech concerns are given strong recognition and are sufficiently protected by the two internal doctrines.

Eldred v Ashcroft³⁹⁹

In recognition of the shared goal argument in *Harper & Row v Nation*, Justice O’Connor delivered the opinion of the Supreme Court in *Eldred v Ashcroft* that, in general circumstances where copyright traditions had not been changed to a more expansive protection,⁴⁰⁰ it was reasonable to take a no-conflict approach. It was also sensible to assume that the two built-in free speech protections sufficiently guarantee the balance with copyright.⁴⁰¹ However, the Court does suggest that there may exist circumstances where the expansion of copyright protection does not allow internal tools to protect free speech adequately. Therefore, external tools may be required to recalibrate the situation. Thus, while upholding the internal balancing approach, this case also established a new platform whereby the interaction between copyright and free speech can be viewed from an external perspective.

UK cases

Ashdown v Telegraph Group Ltd⁴⁰²

Despite the final judgment dismissing the defendant newspaper’s appeal based on the defence of fair dealing enshrined in s.30 CDPA and the right to freedom of expression protected in s.12 HRA, the Court of Appeal ruled this important UK copyright case in a way that confirms that the latter right is protected within the UK copyright law. The Court agreed with Sir Andrew Morritt that

³⁹⁷ *Harper & Row v Nation* (n 316) 560, 562. See also Helfer and Austin (n 349) 244, 245.

³⁹⁸ Ibid.

³⁹⁹ *Eldred v Ashcroft* 537 US 186 (2003). See also Birnhack (n 395) 39.

⁴⁰⁰ Birnhack (n 395) 48. Those changes are caused by anti-circumvention measures, database protection and other expanded copyright protections.

⁴⁰¹ *Eldred v Ashcroft* (n 399) 49.

⁴⁰² [2001] EWCA Civ 1142; [2002] Ch 149.

such protection was reflected in the L&Es regime, which allowed circumstances where:

‘freedom of expression was recognised and confirmed. In effect they were circumstances where freedom of expression trumped copyright protection’.⁴⁰³

In the present case, two of those circumstances were of particular relevance – the statutory provisions of fair dealing provided by s.30 CDPA and the common law defence of public interest permitted by s.171(3) of the same Act. Regarding the former, the Court admitted that:

‘these provisions reflect freedom of expression in that, in the specific circumstances set out and provided that there is ‘fair dealing’, freedom of expression displaces the protection that would otherwise be afforded to copyright.’⁴⁰⁴

The other circumstance, as the Court implied, involved a public interest defence, which was also used to protect freedom of expression and maintain the balance with copyright. The Court acknowledged that in rare circumstances where the conflict between freedom of expression and copyright was not covered by the statutory exceptions:⁴⁰⁵

‘there is the clearest public interest in giving effect to the right of freedom of expression in those rare cases where this right trumps the rights conferred by the 1988 Act. In such circumstances, section 171(3) of the Act permits the defence of public interest to be raised.’⁴⁰⁶

It can be noted that the Court established an important consideration of an impact of freedom of expression on CDPA, thus disagreeing with the decision in *Hyde Park* that there was no room beyond the scope of section 30 CDPA for freedom of expression to be accommodated within the Act, especially under the scope of the public interest defence.⁴⁰⁷ Even so, the Court in this case implies that such impact that the Convention right has on the UK copyright law – especially on the balanced relationship between copyright protection and

⁴⁰³ Ibid. [32]; Sir Andrew Morritt V-C [2001] Ch 685, 694.

⁴⁰⁴ Ibid. [33].

⁴⁰⁵ Ibid. [45].

⁴⁰⁶ Ibid. [58].

⁴⁰⁷ *Hyde Park Residence Ltd v Yelland* [2001] Ch 143.

L&Es – can still be dealt with by the internal mechanisms, namely fair dealing and the public interest defence.

3.2.4.1 Originality

International recognition

Returning to the principles of the copyright protection threshold, originality is one of the key requirements for copyright protection, which is, despite its unclear definition, is generally recognised in both legislation and case law. The term was first used in Articles 2(3) and 14*bis*(1) of the Berne Convention in the context of cinematographic works, and was later clarified in the WCT preamble.⁴⁰⁸ Within the EU regime, the preamble of Directive 93/98/EEC also refers to how photographic works can be regarded as ‘original’.⁴⁰⁹ This has been followed by the ECJ’s recognition that ‘copyright is liable to apply only in relation to a subject-matter, such as a photograph, which is ‘original’ in the sense that it is its author’s own intellectual creation’.⁴¹⁰ At national level, this requirement is also evidently articulated in both the UK and the US copyright Acts and their interpretation by the courts.⁴¹¹

General concept

This mechanism is used to distinguish the works that are original enough to deserve copyright protection from those that are not. Despite divergent determinations of the level of originality required between different jurisdictions,⁴¹² the mainstream concept recognises originality as something

⁴⁰⁸ WCT preamble (46): the term ‘original’, as used in the Treaty, refers ‘exclusively to fixed copies that can be put into circulation as tangible objects’.

⁴⁰⁹ Directive 2006/116/EEC of the European Parliament and of the Council of 12 December 2006 on the term of protection of copyright and certain related rights [2006] OJ L 372, Recital 16.

⁴¹⁰ Case C-145/10 *Painer v Standard Verlags GmbH* [2012] ECDR 6 (*Painer*), para 87, citing Case C-5/08 *Infopaq International A/S v Danske Dagblades Forening* [2009] ECR I-6569 (*Infopaq*), para 35.

⁴¹¹ For the UK, see CDPA, ss 1(1)(a), 3(a). For the US, see 17 USC s102. See the most recent UK case in *SAS Institute Inc V World Programming Ltd* [2013] EWCA Civ 1482 [29]-[37], which approves the concept of ‘author’s own intellectual creations’ developed by ECJ in *Infopaq* (n 410) and referred to in subsequent ECJ cases i.e. *Painer* (n 410). For the relevant US case, see *Harper & Row* (n 316) 547-549; *Feist Publications v Rural Telephone Service Co* (1991) 499 US 340.

⁴¹² Ysolde Gendreau, ‘Copyright and Freedom of Expression in Canada’ in Paul L C Torremans (ed), *Intellectual Property and Human Rights: Enhanced Edition of Copyright and Human Rights* (Kluwer Law International 2008) 220.

that reflects and originates from the author's own intellectual creations.⁴¹³ There is, therefore, some linkage between his personality and his own work, rather than something novel that has never existed before. This concept is similarly embraced by US copyright case law, where the originality test requires only the author's independent selection or arrangement with a modicum of creative originality, not akin to novelty.⁴¹⁴ This implies that the works such as news headlines from online news articles that may have scraped the contents from different sites may not be original enough to be eligible for copyright protection.⁴¹⁵ This principle can be understood as to guarantee the public interest and strike a balance in the copyright system by ensuring that some works that do not meet this originality threshold are not entitled to copyright protection. They will be left to the public domain where all public users can have free access and legitimately appropriate the works without being subject to infringement allegations.

Drawbacks

The low threshold of what determines the author's own intellectual creations and copyright infringement may debilitate the function of the originality test that leaves some room for exercise of freedom of expression. The effect of the ECJ's interpretation on the UK originality test can be demonstrated as an example of such concern. While the ECJ originality test has arguably raised the threshold of the traditional UK version,⁴¹⁶ it has also changed the UK infringement test in a way that has made it easier to establish copyright infringement.⁴¹⁷ As the originality test is used at the infringement stage, copyright is infringed when the defendant reproduces the work or a part that expresses the author's own intellectual creations, not that presenting his

⁴¹³ See the use of the phrase 'author's own intellectual creation' in the ECJ jurisprudence in *Infopaq* (n 410) para 35 and *Painer* (n 410) para 87. See also Directive 2006/116/EEC, Recital 16.

⁴¹⁴ *Feist Publications* (n 411). See also Eleonora Rosati, 'Originality in US and UK Copyright Experiences as a Springboard for an EU-Wide Reform Debate' (2010) IIC 524, 532-533.

⁴¹⁵ This is however not always the case. See *Newspaper Licensing Agency v Meltwater Holding BV* [2011] EWCA Civ 890, for an opposite proposition by the UK Court of Appeal. See also *Infopaq* (n 410).

⁴¹⁶ *SAS Institute V World Programming* (n 411) [37].

⁴¹⁷ Estelle Derclaye, 'Assessing the Impact and Reception of the Court of Justice of the European Union Case Law on UK Copyright Law: What Does the Future Hold?' [2014] 240 RIDA 5, 14.

‘sufficient skill, judgment and labour’ anymore.⁴¹⁸

The ECJ’s judgment in *Infopaq* has also made it clear that it is possible that very short works such as titles and headlines can be original and thereby copyright protected.⁴¹⁹ Therefore, as long as the protected author’s own intellectual creation is found in the defendant’s work, the infringement occurs, regardless of profit-driven motive.⁴²⁰ If this originality concept continues to favour authors, it may reduce public users’ opportunity to exercise their freedom of expression for developing future creative works.

3.2.4.2 Idea-expression dichotomy

International recognition

The principle of the idea/expression dichotomy is firmly imbedded in the international copyright regime through the identically-worded provisions in TRIPS and WCT.⁴²¹ They state that copyright does not protect ideas nor intangible concepts, but the expressions made thereof. This principle has also been adopted by judges in the US and UK.⁴²²

General concept

An underlying idea behind this principle is that the expression of an author’s creativity is protected, but not the ideas or facts from which such expression is derived. The ability of individuals to appropriate ideas and facts suggests that they are left with sufficient room to exercise their freedom of expression, but the principle that copyright only protects expressive forms of such ideas or facts is seen as one of the approaches in which an appropriate balance is achieved between copyright and freedom of expression. This means that the idea/expression dichotomy allows copyright law to take into account freedom of expression obligations and therefore ward off most of the cases susceptible

⁴¹⁸ Ibid. 14; *SAS Institute V World Programming* (n 411) [38], [39].

⁴¹⁹ *Infopaq* (n 410) para 48. See also Derclaye (n 417) 9, 13.

⁴²⁰ *BBC v Time Out* [1984] FSR 64. Estelle Derclaye, ‘Wonderful or Worrisome? The Impact of the ECJ Ruling in *Infopaq* on UK Copyright Law’ [2010] EIPR 247, 250.

⁴²¹ TRIPS, Art 9(2), WCT, Art 2. See also Helfer and Austin (n 349) 248.

⁴²² See *Baker v Selden* 101 US 99 (1879) for the US and *Ibcos Computers Ltd v Barclays Ltd* [1994] FSR 275, 292 for the UK. See also the Software Directive (Directive 2009/24/EC, consolidated version of Council Directive 91/250/EEC), Art 1(2) as transposed into UK CDPA 1988 by the 1992 Copyright (Computer Program) Regulations.

to clashes between both rights.⁴²³ As a creator of the dichotomy, the US Supreme Court has prominently supported this no-conflict approach between copyright and freedom of expression through its dependence on the adoption of this idea/expression divide.⁴²⁴ For instance, the Court clearly affirmed in both *New York Times Co v United States*⁴²⁵ and *Feist Publications v Rural Telephone Service*⁴²⁶ that facts and ideas were not copyrightable, only their compilations.

Drawbacks

The inherently nebulous character of this principle has several important drawbacks. First, an unmapped demarcation between ideas and their expressions hinders the effective functioning of the principle. This concern has been identified by US judges in copyright cases. They have noted that, although there is a boundary separating the expression from what was expressed to ensure that not everything that can be drawn from the creations can be copyrighted and that something should be left in the public domain, no one has been able to determine exactly where this boundary lies.⁴²⁷ The line is even more difficult to draw when it comes to finding copyright infringement, when the question to be asked is what has been copied – the expression itself or the idea for which the expression is presented. While the former scenario could lead to an apparent infringement, the copying of the idea underlying the expression can sometimes be infringing copyright if the idea represents a degree artistic skill and labour of the original author.⁴²⁸ Although this blurred line does not seem to affect the threshold of what separates ideas from expressions, it may, if not carefully determined, undermine the freedom of others to express ideas and information.

Judicial concern on pre-empting misappropriation also tends to affect the

⁴²³ Cohen (n 328) 277.

⁴²⁴ Derclaye (n 332) 142; Helfer and Austin (n 349) 248. See also *Harper & Row* (n 316) (Justice Ginsburg).

⁴²⁵ (1971) 403 US 713, 726: no author may copyright his ideas or the facts he narrates.

⁴²⁶ (1991) 499 US 340.

⁴²⁷ *Nichols v Universal Pictures* 45 F 2 119 [1930]; *Guthrie v Curlett*, 36 F (2d) 694 (CCA 2).

⁴²⁸ See *Designer Guild Ltd v Russell William (Textiles) Ltd* (2001) 2 All ER 700; *Kenrick v Lawrence* [1890] 25 QB 99.

courts' interpretations of what is regarded as expression in a way that widens its scope. This therefore narrows down an area of available ideas and information on which the public could have relied to voice their opinions.⁴²⁹ As a result, these concerns minimise the opportunities of the public to benefit from any future creations which could have been built on such available ideas and information. This may thereby constitute a detrimental effect on the internal balance between copyright and freedom of expression.

3.2.4.3 Terms of protection

International recognition and general concept

Embedded in Article 7 of the Berne Convention, this principle generally makes known to both authors and the public the period of time during which the expressions are protected by copyright. While firmly guaranteeing the creators a time-limited monopoly, this principle also signals when such expressions are automatically available in the public domain for public use. It therefore signals when the public may freely appropriate such works and thereby exercise their right to freedom of expression without risk of violating copyright. Against this background, this principle can be seen as one of the classic illustrations of how copyright and freedom of expression are internally reconciled in the copyright regime.

Drawbacks

However, there have been some questionable extensions of the 'term of protection' that have undermined the balance between copyright and freedom of expression. The first remarkable extension of copyright terms was within the EU through Council Directive 93/98/EEC harmonising the term of copyright protection for authors within the EU by changing from life plus fifty years to life plus seventy. The Directive was later repealed and replaced by Directive 2006/116/EC. Which also updated Directive 2011/77/EU and extended the term of protection for performers and sound recordings to 70 years to be in line with that given to authors. This was followed by the US enactment of the

⁴²⁹ Patrick Masiyakurima, 'Fair Dealing and Freedom of Expression' in Paul Torremans (ed), *Copyright and human rights: Freedom of expression – Intellectual Property – Privacy* (Kluwer Law International 2004) 92.

Copyright Term Extension Act 1988 (CTEA) to extend the coverage of copyright protection to seventy years after the author's death, to be in line with EU law.⁴³⁰ Congress had been influenced by a number of corporate rightsholders, including the Walt Disney Corporation whose copyright on Mickey Mouse was about to run out.⁴³¹

In *Eldred v Ashcroft*,⁴³² the defendants claimed that this extended legal protection arbitrarily conveyed greater benefits to a company rightsholder than the public and was therefore unconstitutional because it breached the First Amendment guarantee of freedom of expression.⁴³³ However, this argument was not sufficient to convince the Court to disregard the view that the extended term of copyright protection did not cause any detriment to freedom of expression. In the Court's view, the extended period of protection was intentionally calibrated to work in tandem with the First Amendment guarantee, whose main purpose was, in fact, more concerned with protecting one's own speech than others' right to use one's speech.⁴³⁴

The decision in *Eldred v Ashcroft* upholding the Congress's power to lengthen the terms of copyright protection was confirmed in *Golan v Holder*,⁴³⁵ in which the US Supreme Court reiterated that the Copyright Clause 'empowers Congress to determine the intellectual property regimes that, overall, in that body's judgment, will serve the ends of the clauses'.⁴³⁶ In addition, the Court's ruling in this case suggests that the Congress also has the legislative authority to put works that had been available in the public domain back under copyright protection.⁴³⁷ And doing so, as the Court upheld, would not violate the Copyright Clause's purpose, nor the First Amendment right of the users who

⁴³⁰ Gendreau (n 412) 224. See also *Eldred v Ashcroft* (n 399).

⁴³¹ Patterson Belknap Webb & Tyler LLP, 'Eldred v Ashcroft: Term Extension and Congressional Authority' [2003] 1 <<http://www.pbwt.com/pubs/uniEntity.aspx?xpST=PubDetail&pub=406>> accessed 24 September 2015.

⁴³² (2003) 537 US 186.

⁴³³ Patterson Belknap Webb & Tyler LLP (n 431).

⁴³⁴ Ibid. 2.

⁴³⁵ *Golan v Holder* (the US Supreme Court, 18 January 2012) No 10–545.

⁴³⁶ Ibid. 222.

⁴³⁷ Ibid. 226–7. See also Section 514 of the Uruguay Rounds Agreement Act 1994, implementing the 1994 Marrakesh Agreements into the US law.

had previously used such works for free.⁴³⁸

The approaches of the Supreme Court in both *Eldred v Ashcroft* and *Golan v Holder* can be criticised on a number of grounds. Firstly, given that the US copyright regime is based on the utilitarian approach, it would be better for all concerned parties to state that the guarantee of freedom of expression is equally delivered to both rightsholders and the public users with the ultimate aim of promoting artistic and scientific progress. Secondly, it cannot convincingly be said that the longer period of monopolistic control over creative works will help promote more meaningful societal benefits than putting them into the public domain, where public users would be incentivised to create new or derivative works. Unless the prolonged term of protection, such as that allowed in *Eldred v Ashcroft*, is of genuine value to the public, inappropriate implementation, interpretation or legislative actions regarding this principle can pose a significant threat to the First Amendment's purposes. Coupled with the proposition in *Golan v Holder* where the Court seems to agree with the Congress's practice in shrinking the public domain sphere, US copyright law-making can be seen moving towards creating copyright monopoly. These misperceptions can significantly undermine the inherently placid relation between copyright and freedom of expression. This undesirable situation may presuppose a call for an external mechanism capable of warranting a careful review of all relevant factors and interests to ensure that any internal imbalance is remedied.

3.2.4.4 Exceptions to copyright

Regarded as the most obvious safeguards to freedom of expression in copyright regimes,⁴³⁹ the underlying idea behind the implementation of copyright L&Es is to excuse unauthorised appropriations under the guise of freedom of expression. Examples of L&Es that play a prominent role in protecting the freedom of expression of others are fair dealing and fair use.⁴⁴⁰ Their functions

⁴³⁸ *Golan v Holder* (n 435) 27; Lyle Denniston, 'Opinion recap : the Public Domain Shrinks' (2012) SCOTUSblog, 18 January 2012 <<http://www.scotusblog.com/2012/01/opinion-recap-the-public-domain-shrinks/>>.

⁴³⁹ Gendreau (n 412) 225.

⁴⁴⁰ See CDPA, Chapter III Part I; Canadian Copyright Act ss 29-29.2; 17 USC s107.

of exempting some socially valuable uses of protected works may reflect the claim that copyright law in theory takes into account human rights value through its L&Es regime. However, as technological advancement further facilitates free flow of information in society, there might be some situations where the balance between copyright and freedom of expression is shifted in a way that is driven more towards favouring the latter right for the sake of societal interests. For instance, it may be of interest of the wider public to go beyond the boundary line initially set by L&Es in reproducing the protected material in substantial part, or even in its entirety. When coupled with the influence of trade on IPR, it may be necessary to reconsider L&Es to find out if they are sufficiently comprehensible to deal with the current situation where the freedom of expression increasingly needs to be protected. Some noteworthy L&Es are analysed below to determine whether there are any significant loopholes in the shifting balance which need to be rectified by external mechanisms.

Fair dealing for criticism and review

Fair dealing for the purpose of criticism and review enhances individuals' ability to participate in the democratic process, discovery of truth and self-actualisation by allowing them to re-examine, review or criticise specific materials in the light of social and moral implications.⁴⁴¹ Despite the generally recognised and attractive functions of L&Es considered above, the ill-defined character of this principle at the international level has led to inconsistent interpretations at the regional and national levels. The EU copyright system can be taken as a prominent illustration of a restrictive approach at the regional level. The system requires that the implementation of criticism and review is subject to conditions that there must not only be sufficient acknowledgement, but, that the works must also be lawfully made available to the public.⁴⁴² UK copyright law takes a similar approach in recognising the two conditions as decisive factors for fulfilling the fair dealing criteria.⁴⁴³ However, even though there is a public interest in knowing the truth and making fair comments on a

⁴⁴¹ Masiyakurima (n 429) 94, 95.

⁴⁴² See Copyright Directive, Art 5(3)(d).

⁴⁴³ CDPA, s 30(1).

political, but confidential, report of the government about corruption or iniquity, this unpublished information can only be communicated to the public by way of authorised dissemination.⁴⁴⁴ These two conditions imposed on the criticism and review exception may, instead of balancing the two competing interests, restrict the communication of such important information to the public debate. This undermines the public right to freedom of expression.

Fair dealing for reporting current events

The underlying purpose of this aspect of fair dealing is to propagate the dissemination of ideas and information relating to social and political discourse necessary for the maintenance of a democratic society.⁴⁴⁵ The reporting current events exception is a tool usually used for conveying news and information to the public at large. Thus, the exercise of this exception reinforces the right to freedom of expression. Although its international recognition can be found in Article 10*bis* of the Berne Convention, the wording, especially the term ‘reporting current events’, is imprecise. This becomes problematic when it comes to national adoption and interpretation.

For example, despite both adopting this principle from Article 10*bis* of the Berne Convention, the US and the UK take different stances when incorporating the principle into their own copyright laws. While US copyright law seems to take a wider view by recognising news reporting within the ambit of its flexible doctrine of fair use with no particular conditions attached,⁴⁴⁶ the UK courts have tended to interpret such exceptions narrowly in a way that excludes past events and photographs from the scope of reporting current events.⁴⁴⁷ The exclusion of past events seems to overlook the circumstance which may be currently of public interest, but is in some ways linked to events in the past.⁴⁴⁸ This is also the case for photographs, where it may be necessary

⁴⁴⁴ See *Fraser v Evans* (n 6); *Hubbard v Vosper* (n 6), in which the publications claimed under CDPA s 30(1) are made from unpublished works.

⁴⁴⁵ Masiyakurima (n 429) 96.

⁴⁴⁶ See 17 USC s107.

⁴⁴⁷ Berne Convention, Art 10*bis* (2); CDPA, s 30(2). See also Smita Kheria, ‘News Reporting’ <<http://www.copyrightuser.org/understand/exceptions/news-reporting/>> accessed 19 October 2017.

⁴⁴⁸ *The Defence Papers case* (n 6).

to reproduce and publish a photograph to convey important messages in a more credible, vivid and compelling way.⁴⁴⁹ Dealing with photographs may sometimes become inevitable when an image should not be separated from the message which it carries, to maintain the accuracy and truthfulness of the underlying information.⁴⁵⁰ In *Hyde Park v Yelland*,⁴⁵¹ the stills from the CCTV camera depicting the late Princess Diana's whereabouts before her death were evidence of what happened and, despite copyright protection, disclosing them was better for establishing the truth in what many saw as an issue of public concern than merely describing it using words. These sorts of exclusions may lead to an internal imbalance in the copyright regime, at the expense of freedom of expression and the public interest.

Fair use

Unlike the precisely-defined and narrow L&Es system as used in the EU regime, the underlying objective of US copyright law seems to mostly reflect the extent to which its built-in mechanisms ensure a sufficient balance between copyright and freedom of expression.⁴⁵² Fair use is one of the free speech protections embodied in the US copyright system. In *Harper & Row*,⁴⁵³ it was held that:

‘the immediate effect of [US] copyright law is to secure a fair return for an author's creative labour; but the ultimate aim is, by this incentive, to stimulate [the creation of useful works] for the general public good’.⁴⁵⁴

The fair use doctrine exists to ensure that the ultimate US copyright goal of promoting arts and sciences for the public benefit is achieved without arbitrary interference against the author's incentive.⁴⁵⁵ This may explain why the US fair-use doctrine is equipped with four non-exhaustive statutory factors laid down in Section 107 of the US Copyright Act: (1) the purpose and character of

⁴⁴⁹ Masiyakurima (n 429) 95, 96. See also *Hyde Park v Yelland* (CA) (n 20).

⁴⁵⁰ Masiyakurima (n 429) 96. See also Graham Smith, ‘Copyright and freedom of expression in the online world’ (2010) 5(2) JIPLP 88.

⁴⁵¹ *Hyde Park v Yelland* (n 19) 36.

⁴⁵² Helfer and Austin (n 349) 248.

⁴⁵³ *Harper & Row v Nation* (n 316) 539.

⁴⁵⁴ Ibid. 539, 559; *Twentieth Century Music Corp v Aiken* 422 US 156.

⁴⁵⁵ Wendy Gordon, ‘Fair Use as Market Failure: A Structural and Economic Analysis of the *Betamax* Case and its Predecessors’ (1982) 82(8) Colum L Rev 1600, 1615.

the use; (2) the nature of the copyrighted work; (3) the amount and substantiality of the portion used; and (4) the effect of the use on the potential market for or value of the copyrighted work. None of these is capable of exact definition or tailored to cope with specific unauthorised uses. Each of the factors is applied on a case-by-case analysis to retain its broad and flexible character. The fair use doctrine with such abstract criteria is claimed to make the US copyright law compatible with the First Amendment.⁴⁵⁶

There are two major concerns of fair use's lack of capability to be the safeguard of freedom of expression: uncertain scope and inability of some factors to appropriately fulfil free speech values.⁴⁵⁷ The former criticism involves legal uncertainty that is ingrained in the very nature of open-ended character.⁴⁵⁸ With little guidance provided by its wording, this renders the doctrine too vague to allow users to predict with certainty when fair use can be successfully claimed.⁴⁵⁹ This may dissuade users from engaging in infringing activities which may otherwise contribute to valuable derivative works.⁴⁶⁰

Corruption of some free speech considerations renders the doctrine incapable of functioning as an adequate First Amendment protection.⁴⁶¹ The first factor's emphasis on non-commercial uses as fair use amounts to discrimination against those with a profit-seeking purpose.⁴⁶² The courts' view that uses of copyright work for monetary profit receive less respect and thus tend towards infringement disadvantages most non-commercial but profit-related speech, such as scholarly works and newspapers.⁴⁶³ Such a view would be contrary to the fundamental nature of free speech:

⁴⁵⁶ Janice Oakes, 'Copyright and the First Amendment: Where Lies the Public Interest?' (1984) 59 Tulane Law Review 135, 140.

⁴⁵⁷ Lee Ann W Lockridge, 'The Myth of Copyright's Fair Use Doctrine as a Protector of Free Speech' (2007) 24 Computer & High Technology Law Journal 31, 104.

⁴⁵⁸ Rebecca Tushnet, 'Copyright as a Model for Free Speech Law' (2000) 42(1) BCLR 1, 24.

⁴⁵⁹ Pierre Leval, 'Toward a Fair Use Standard' (1990) 103 HLR 1105, 1105 – 6. See also *Princeton University Press v Michigan Document Services Inc*, 99 F 3d 1381 (6th Cir 1996).

⁴⁶⁰ Tushnet (n 458) 24.

⁴⁶¹ Yin Hard Lee, 'Copyright and Freedom of Expression: A Literature Review' (2015) CREATE Working Paper 2015/04, 104.

⁴⁶² Lockridge (n 457) 78-79.

⁴⁶³ Ibid; Lee (n 461) 105. See also *Campbell v Acuff-Rose Music* (n 9) 583-85 and at 584 for Brennan J's dissenting opinion.

‘in principle, speech does not lose First Amendment protection solely on the basis of the existence of a profit motive or of other commercial advantage to the speaker’.⁴⁶⁴

As for the second factor, although the statutory provision confirms that dealing with an unpublished work does not necessarily render the use unfair,⁴⁶⁵ US courts have taken the view that dealing with the published ones is more likely to constitute a finding of fair use.⁴⁶⁶ Such a proposition has thus drawn criticism concerning an inordinate focus on the unpublished nature of a work, which would sometimes come at the expense of the public interest in having access to the work’s underlying facts and ideas.⁴⁶⁷ Furthermore, while the third factor requires the test of substantiality, there is no connection between such a test and what qualifies for free speech protection.⁴⁶⁸ Lastly, while the fourth factor looks into the extent to which the use financially affects the protected work, such consideration is irrelevant to First Amendment considerations.⁴⁶⁹ All in all, those criticisms suggest that there is a lack of freedom of expression safeguards in the US copyright system.

Technological protection measures

To give a complete picture of inadequate freedom of expression protection in copyright, technological protection measures (TPMs) must be addressed.⁴⁷⁰ These are technical measures designed to manage or control access to, and to restrict unauthorised uses of, protected work.⁴⁷¹ Although copyright cannot be exercised effectively in the digital environment without support from those

⁴⁶⁴ Lockridge (n 457) 78, 99-102. See, e.g., *Smith v California* (1959) 361 US 147, 150; *Breard v Alexandria* (1951) 341 US 622, 642.

⁴⁶⁵ 17 USC 107, the last paragraph.

⁴⁶⁶ Lee (n 461) 106.

⁴⁶⁷ Ibid; Stacy Daniels, ‘*Harper&Row Publishers, Inc v Nation Enterprises* : Pirating Unpublished Copyright Works : Does the Fair Use Doctrine Vindicate First Amendment Rights?’ (1985) 19 John Marshall Law Review 501, 514-522.

⁴⁶⁸ Lockridge (n 457) 80.

⁴⁶⁹ Ibid. 80-81.

⁴⁷⁰ Technical Protection Measure (TPM) is often used interchangeably with the term ‘Digital Rights Management’ (DRM) to refer to technological measures protecting copyright works. Although there are differences between the two in terms of different jurisdictions in which they are used and the breadth of their application, they will be referred to as TPMs in this thesis. See the differences in detail in Caroline Pauwels and others (eds), *Rethinking European Media and Communications Policy* (BUP 2009) p 277.

⁴⁷¹ For definitions see WCT, Art 11; Copyright Directive, Art 6(3); DMCA s 1201.

measures,⁴⁷² if adopted in an unfair or abusive manner, they may proscribe legitimate use permitted by L&Es and thereby undermine the copyright's internal mechanisms protecting freedom of expression. There has been growing concern that the Copyright Directive and CDMA provide anti-circumvention rules that go beyond those detailed in Article 11 WCT, and thus tend to create a copyright monopoly in favour of rightsholders, notwithstanding existing exceptions to by-pass those rules.⁴⁷³ In the EU, Article 6(4) of the Copyright Directive is very problematic as it allows the law of contract to prevail over copyright L&Es in on-demand services.⁴⁷⁴ In other words, the rules of voluntary agreements entitle the rightsholder in the digital era to contract out L&Es that may otherwise have permitted the unauthorised use of his online works.⁴⁷⁵

In the US, s.1201 CDMA is viewed as excessively broad and likely to create a digital lockup to copyright works⁴⁷⁶ because it provides rightsholders with access and copy control technologies which enable them to prohibit not only initial and subsequent circumvention of technologies, but also the trafficking in devices used to do so, regardless of actual copyright infringement taking place.⁴⁷⁷ Once the situation falls close to rightsholders being able to determine their own scope of copyright protection through TPMs, even permissible non-infringing use may be ruled out and the need to promote free flow of knowledge and information will thus be significantly damaged. This constitutes a chilling threat to freedom of expression safeguards within copyright law.

3.2.4.5 Concluding remarks

Although freedom of expression interests are accommodated by existing copyright mechanisms as demonstrated above, there are some difficulties with

⁴⁷² Marlize Conroy, 'A Comparative Study of Technological Protection Measures in Copyright Law' (PhD Thesis, University of South Africa 2006) 54.

⁴⁷³ Copyright Directive Art 6; CDMA s 1201, both implementing WCT, Art 11. See also Conroy (n 472) 159, 221.

⁴⁷⁴ Conroy (n 472) 220.

⁴⁷⁵ Ibid. section 5.3.8.

⁴⁷⁶ Ibid. 155.

⁴⁷⁷ DMCA, s1201(a)(b). See also Jason Sheets 'Copyright Misused: The Impact of the DMCA Anti-Circumvention Measures on Fair & Innovative Markets' (2000) 23 Comm/Ent LJ 1, 20.

these internal balancing tools that give rise to inadequate protection for freedom of expression. These derive from various influential factors, including technological advances, the influence of trade, arbitrary judicial interpretations, the disincentive of overprotected TPMs and, most significantly, the optional and inharmonious character of the international copyright L&Es regime. An absence of adequate freedom of expression safeguards in copyright law can put the public interest at jeopardy and may thereby require an external tool to recalibrate copyright's balance.

3.2.5 Shift from internal to external mechanisms

Having considered the situation of internal freedom of expression safeguards above, there is a need for the re-establishment of a fair balance between rights and the authorities should reconsider the human rights framework within which the no-conflict approach is guaranteed, and then resort to the intrinsic balancing mechanisms available in that framework. Such mechanisms could provide useful guidance to the copyright regime on how to strike a fair balance between fundamental rights in wake of an incremental demand to safeguard the right to freedom of expression.

This section will discuss some prominent cases where courts, both at national and regional levels, have either implicitly or explicitly acknowledged that the human rights framework can sometimes be used as an external safeguard to regain human rights value and fair balance in the copyright regime. Although all the cases revolve around the effect of a fundamental rights approach to copyright law, not all are supportive of a shift to external control and some of them resulted in unsatisfactory outcomes from the public users' perspective. This is perhaps because, without clear authority, the courts are reluctant to adopt an external approach to fix the internal imbalance of interests. Some cases give a hint of the copyright over-protection issue, under-protected freedom of expression concerns, or an adoption of external measures by national courts to solve problems and restore the balance. The discussion will examine to what extent a particular emphasis should be placed on Article 10 ECHR as a starting point from which an external balancing instrument with precise, certain and detailed criteria can be elaborated.

3.2.5.1 Judgments of domestic courts in EU Member States

*Biblo v Index*⁴⁷⁸

The relationship between copyright and freedom of expression has been considered by the Belgian Supreme Court against the backdrop of the fundamental freedom of expression framework. The copyright owner of two tax-law reviews alleged that a legal database called *Index* illegally reproduced his published summaries of court decisions. Despite the dismissal of the citation exception on the appeal,⁴⁷⁹ *Index* argued that the decision made in favour of the claimant constituted a violation of freedom of expression as protected by Article 19 ICCPR and Article 10 ECHR.

This case was eventually heard by the Supreme Court, whose final judgment delivered both supportive and unsupportive messages to the introduction of an external freedom of expression protection in copyright. The Court delivered a separate consideration of the freedom of expression claim and confirmed that this fundamental right was afforded to everyone so that they may defend their opinions and disseminate information and ideas without interruption. The Court then went on to accept that ‘copyright forms one of the limits to this freedom’, as it falls within the scope of ‘protection of right of others’.⁴⁸⁰ The Court’s view echoes the balancing provisions in the international human rights instruments that protect freedom of expression, including Article 10 ECHR.⁴⁸¹

However, the Supreme Court failed to fully apply the *necessary in a democratic society* test offered by Article 10 ECHR. Having considered the balance of interests provided by internal copyright provisions, the Supreme Court agreed with the lower court’s observation that the Belgian Copyright Act already contained internal instruments (L&Es) that function to balance

⁴⁷⁸ Cass (1st chamber), 25 September 2003, Pas, 2003, I, 1471, Arr.Cass. 2003, 1733. See also Reto M Hilty and Sylvie Nérison (eds), *Balancing Copyright - A Survey of National Approaches* (Springer 2012) 150-51; Bernard Vanbrabant and Alain Strowel, ‘The Balance of Copyright’ (2010) Belgian Report 20 <http://loyensloeffnews.be/wp-content/uploads/2012/12/Article_The-balance-of-Copyright-Belgian-report.pdf> accessed 10 September 2017.

⁴⁷⁹ See the Belgian Law on Copyright and Neighbouring Rights (amended in 1995) Section 5, Art 21. See also the Copyright Directive, Art 5(3)(d).

⁴⁸⁰ *Biblo v Index* (n 478) 1751.

⁴⁸¹ *Ibid.* 1740.

copyright and freedom of expression.⁴⁸² It is unfortunate that the Court did not take this opportunity to clarify how the proportionality test in Article 10 ECHR could be applied to the copyright case before it. It also failed to address the circumstance where an unauthorised use giving rise to copyright infringement has freedom of expression and public values.

*Utrillo*⁴⁸³

A similar proposition to the Belgian approach was taken by the French courts in the case concerning Maurice Utrillo's paintings. The national television station France 2 reproduced a short report consisting of footage of Utrillo's paintings for the purpose of informing viewers about a forthcoming exhibition. It was then required by the court of first instance to make remuneration. The station's refusal was grounded on two main arguments: the quotation exception⁴⁸⁴ and the public right to information as protected by Article 10 ECHR. Surprisingly, it was the latter ground on which the Court based its decision that the reproduction of the paintings was justified by the viewers' right to be properly informed about matters regarding public events. The decision was overturned by the Court of Appeal⁴⁸⁵ and, later, by the Court of Cassation.⁴⁸⁶ The latter held that the Intellectual Property Code already provided proportionate limits to the author's legal monopoly to the peaceful enjoyment of their creative works.⁴⁸⁷ Such limits were set out in Article L. 122-5 (exceptions) and in Article L. 122-9 (abuse of rights) of the French IP Code.⁴⁸⁸ This judgment implies that the balance between copyright and right to freedom of expression was already struck within the copyright law, and there was no need to resort to the balancing mechanisms recognised in Article 10 ECHR. As with the previous case, the courts failed to adopt the external solution offered by Article 10 to restore the balance between individual interests and the broader public interest in connection with artistic expression.

⁴⁸² Ibid. See Belgian Copyright Law (n 532) Art. 21-23.

⁴⁸³ District Court of Paris, 3rd Ch., 23 February 1999, Case 98/7053 (unpublished). See also Christophe Geiger, 'Copyright's Fundamental Rights Dimension at EU level' in Estelle Derclaye (ed), *Research Handbook on the Future of EU Copyright* (Edward Elgar 2009) 44.

⁴⁸⁴ See Code de la propriété intellectuelle (French IP Code), Art L122-5 (3)(a).

⁴⁸⁵ Cour d'Appel, 30 May 2001, [2001] Dalloz 2504.

⁴⁸⁶ Cour de Cassation, 13 November 2003, JCP, 19 May 2004, no 21-22, 955.

⁴⁸⁷ Ibid. See also Macmillan (n 371) 37, 38.

⁴⁸⁸ Ibid.

Medienprofessor⁴⁸⁹

The Austrian Supreme Court had an opportunity to take an external view of the relationship between copyright and freedom of expression in the *Medienprofessor* case. Sixteen newspaper articles criticising an individual were reproduced on a website owned by the defendant. He argued that his act of reproduction was protected by Article 10 ECHR. Although the Supreme Court was dubious that such reproduction without annotation could be covered by the quotation exception, it took an unconventional approach in analysing the reproduction in light of the freedom of expression framework. The Court ruled that, as the reproduction enabled the website's owner to demonstrate that he was targeted by a massive media campaign, such activity was justified by the right to freedom of expression. The reproduced articles also carried some social benefit in that the public should be properly informed, and this overrode the newspapers' pecuniary interest. Despite no statutory provision in Austrian copyright law exempting such unauthorised reproduction, the judges resorted to an external freedom of expression framework on the ground that copyright should be neutralised by public values.

Scientology v Karin Spaink/ Xs4all⁴⁹⁰

The litigation in this Dutch court arose from an unauthorised online publication of confidential documents owned by the Church of Scientology. The quotation right enshrined in Article 15a of the Dutch Copyright Act was not applicable to this case because the publication was of unpublished documents. Nevertheless, the Dutch Court of Appeal vindicated the publisher by explicitly invoking Article 10 ECHR. The Court noted that such provision guaranteed the public the right to be adequately informed about matters of public interest and the right to criticise the controversial ideas and behaviour of the Church of Scientology.⁴⁹¹ This view was endorsed by the Dutch Supreme Court, but it failed to clarify how the freedom of expression functioned as an external

⁴⁸⁹ Austrian Supreme Court, 12 June 2001, *Medienprofessor*, 33 IIC 994 (2002). Geiger (n 483) 46.

⁴⁹⁰ The Hague Court of Appeals, 4 September 2003, *Auteurs-Media & Informatierecht* 6 (2003) (the Scientology) 222; Hoge Raad, 16 December 2005, *Eerste Kamer*, Nr C04/020/HR. See also Hilty and Nérison (n 478) 713.

⁴⁹¹ *The Scientology* (n 490) 230.

control in the copyright system. Despite that, this case leaves some room for further elucidation of how the external freedom of expression framework can be calibrated to close loopholes in copyright law.

3.2.5.2 Judgments of the ECtHR

*Ashby Donald and Others v France*⁴⁹²

In this case the ECtHR provided some clarification on freedom of expression as an external control on the application of copyright law. Copyright was viewed through a human rights lens. The case concerned three photographers who published photographs taken at the Paris fashion show online without the permission from the event's hosting company. The French Court of Cassation upheld the judgment of the Court of Appeal dismissing the defendants' argument that their publication was covered by an exception in French copyright law⁴⁹³ or by Article 10 ECHR. The defendants applied to the ECtHR claiming that the verdict violated their right to freedom of expression protected by Article 10 ECHR. Despite deciding in favour of the French authorities, the ECtHR accepted that such copyright measures constituted an interference with the right to freedom of expression; therefore, they must be tested against the three requirements for a legitimate interference stipulated in Article 10(2) ECHR. This has been seen as the creation of a new constitutional platform where 'an external human rights perspective is added to the justification of copyright infringement'.⁴⁹⁴ The judgment also suggests that the intersection between copyright and freedom of expression is no longer unaffected by an external review by the 2-tier requirement provided in Article 10 ECHR, and the ECtHR has recognised the applicability of Article 10 ECHR to national copyright regimes.⁴⁹⁵

⁴⁹² App no 36769/08 (ECtHR, 10 January 2013).

⁴⁹³ French IP Code (n 538) Art 122-9°, allowing the reproduction, representation or public communication of works exclusively for news reporting and information purposes.

⁴⁹⁴ Dirk Voorhoof and Inger Høedt-Rasmussen, 'Copyright vs Freedom of Expression Judgment' (ECHR Blog, 22 January 2013) <<http://echrblog.blogspot.co.uk/2013/01/copyright-vs-freedom-of-expression.html>> accessed 11 October 2014.

⁴⁹⁵ *Ashby Donald v France* (n 492) para 34, 38.

*Fredrik Neij and Peter Sunde Kolmisoppi v Sweden (The Pirate Bay)*⁴⁹⁶

A few weeks after *Ashby Donald*, the ECtHR restated its view that the application of copyright laws is subject to Article 10 scrutiny. The co-founders of one of the world's largest file sharing service providers – The Pirate Bay – claimed that their criminal convictions violated their right to freedom of expression. Their facilitating service provided a platform on which people could exchange and share digital files, including protected materials such as music, films and computer games, through online torrent file-sharing. The ECtHR had to consider the balance between the applicants and internet users' interests to enjoy freedom of expression and the rightsholders' interests to protect their materials.

The ECtHR held that the scope of freedom of expression included the right of everyone to impart or receive information, and covered not only the content, but also the means of communication. The ECtHR went on to acknowledge that the file-sharing service provided a means by which individuals could exercise their right to freedom of expression and therefore the convictions constituted an interference with that right, but the type of expression at issue was not deserving of such a high level of protection as political expression; thus, the Swedish authority would be accorded a wide margin of appreciation when regulating such activity.⁴⁹⁷ Regardless of the final decision, what should be noted here is the ECtHR's re-affirmation of the applicability of an external fundamental right framework in the national copyright regime.

3.2.5.3 Conclusion

It is evident from these cases that insufficient safeguards for freedom of expression through internal copyright L&Es have been identified. Numerous courts across Europe have had many opportunities to address such a concern by pronouncing on the relationship between copyright and freedom of expression. The general trend is that, where it is found that the public right to

⁴⁹⁶ App no 40397/12 (ECtHR, 19 February 2013). See also Dirk Voorhoof and Inger Høedt-Rasmussen, 'ECHR: Copyright vs Freedom of Expression II (The Pirate Bay)' (2013) <<http://kluwercopyrightblog.com/2013/03/20/echr-copyright-vs-freedom-of-expression-ii-the-pirate-bay/>> accessed 11 October 2014.

⁴⁹⁷ *The Pirate Bay* (n 496) para 41.

have access to copyright materials is superior to individuals' copyright interests, they have in most cases made reference to an external mechanism, namely the fundamental right to freedom of expression, and subsequently had recourse to the balancing test recognised in Article 10 ECHR.

Examining copyright within an external human rights constitutional framework (freedom of expression) has certain benefits: a guarantee of non-arbitrary protection of one right over the other and a recognised constructive mechanism to recalibrate copyright's balance in the changing environment.⁴⁹⁸ This may suggest that emerging unauthorised use of protected materials following rapid technological advances has externalised the relationship between both sets of rights onto a new platform where a human rights balancing mechanism, well-represented by Article 10 ECHR, plays a crucial role in restoring the fair balance between them.

3.2.6 Justification of the dominant European jurisprudence consideration

Compared to all the regional and international human rights bodies, the ECtHR has the most developed and sophisticated jurisprudence regarding the protection of freedom of expression. This is evident from the large number of freedom of expression cases,⁴⁹⁹ in which the ECtHR has decided in such a way that reflects the high standard of freedom of expression protection to what contributes to a public debate.⁵⁰⁰ Therefore, a focus on the European jurisprudence can provide a more argumentative discussion with sufficient material to be presented.

Another worthwhile character of the ECtHR derives from the approach, in which its protection of free speech is subject to an open discussion where the balance of interests takes place.⁵⁰¹ This approach has become a cornerstone of

⁴⁹⁸ Christina J Angelopoulos, 'Freedom of expression and copyright: the double balancing act' (2008) 3 IPQ 328, 351; Geiger (n 483) 37.

⁴⁹⁹ Dirk Vochoof (n 494) 8.

⁵⁰⁰ Ibid. 3. See also *Von Hannover v Germany (no 2)* App nos 40660/08 and 60641/08 (ECtHR, 7 February 2012); *Axel Springer v Germany* App no 39954/08 (ECtHR, 7 February 2012).

⁵⁰¹ See the ECHR, Art 10(2) and relevant case-law analysed below. As compared to the ECHR, there is little jurisprudence to be explored in the ACHR regime where the protection of free speech is close to having an unrivalled nature. See also I/A Court of Human Rights, Advisory

the ECtHR, which accordingly entails a flood of litigations and meaningful legal considerations concerning the Court's balancing task along with the criteria and principles established therein.

3.3 Scope and principles of Article 10 ECHR

In the information era, when the internet is a means of exchanging knowledge and ideas, there is a global trend that online communication has become the sphere in which copyright and freedom of expression increasingly intersect. There have been a growing number of cases brought before the courts,⁵⁰² and courts across Europe have resorted to an external fundamental rights framework, that enshrined in Article 10 ECHR, to reconcile copyright and freedom of expression. This practice reflects an emerging inclination towards introducing an external regime into copyright discourse to preserve, or even re-introduce, the balance and flexibility that has been lost during the course of copyright overprotection.⁵⁰³

It is therefore worthwhile examining the scope and conditions of Article 10 ECHR and more detailed criteria on its application in the copyright context. Article 10(1) protects the right to freedom of expression, and Article 10(2) sets out when interferences with the enjoyment of this right are permissible. Article 10(2) also provides that freedom of expression can be restricted for specified legitimate aims when the restriction is prescribed by law and *necessary in a democratic society*. One of the aims set out in Article 10(2) is 'the protection [...] of the rights of others', where such rights include copyright.

3.3.1 Article 10(1): right to freedom of expression

Freedom of expression is considered to be a fundamental characteristic of a

Opinion OC-5/85 (1985) paras 42-52.

⁵⁰² Teodor Chirvase, 'Copyright and the Right to Freedom of Expression in the Knowledge Society' (2013) 5(1) Contemporary Legal Institutions 179, 179.

⁵⁰³ Ibid. 184-87.

democratic society.⁵⁰⁴ The ECtHR has accordingly paid ‘utmost attention to the principles characterising a democratic society’,⁵⁰⁵ and relevant doctrines in its jurisprudence. In particular, the enjoyment of freedom of expression is an essential prerequisite for a presence of broadmindedness, pluralism and tolerance.⁵⁰⁶ These are all features of a democratic society which exist to ensure that people respect the exercise of other’s civil and political rights. The fact that freedom of expression is understood to protect not only substantive expressions of information and ideas, but also diverse methods of communication,⁵⁰⁷ is essential for the functioning of democracy. This is an underlying basis of the broad interpretation and high level of protection conferred to such fundamental right, despite causing detrimental impact against particular individuals, groups or even other areas of law.⁵⁰⁸ ‘Persons exercising the right under Article 10 are entitled to choose the modality, free from state interference, which they consider most effective in reaching the widest possible audiences’ and therefore a broad range of forms of expression are protected.⁵⁰⁹ Given that copyright law also seeks to protect methods under which ideas are expressed, not ideas themselves, it is likely that copyright law will intersect with freedom of expression protection. It is thus important to have a comprehensive understanding of the scope of protections afforded by the right to freedom of expression.

Taken together, Articles 10(1) and 10(2) can be understood to spell out the right that individuals have in freely expressing information and ideas, and the necessary balance that must be achieved between the enjoyment of this right and other competing societal interests.⁵¹⁰ The balance to be struck will depend on the content of information disseminated and the means of expression.⁵¹¹ The analysis below will outline what the ECtHR has held to be expression

⁵⁰⁴ See Michel Verpeaux, *Freedom of Expression: In Constitutional and International Case law* (2010 Council of Europe Publishing) 30, sec 2.1.

⁵⁰⁵ See *Handyside v UK* (n 321) para 49.

⁵⁰⁶ Ibid. See also, Christophe Geiger and Elena Izyumenko, ‘Copyright on the human rights’ trial: redefining the boundaries of exclusivity through freedom of expression’ (2014) IIC 316.

⁵⁰⁷ *Nilsen and Johnsen v Norway* (1999) 30 EHRR 878 para 43.

⁵⁰⁸ *Hilty and Nerisson* (n 478) 150-51.

⁵⁰⁹ *Harris and Others* (n 321) 615.

⁵¹⁰ Mireille Delmas-Marty, *The European Convention for the Protection of Human Rights: International Protection versus National Restrictions* (Martinus Nijhoff 1992) 59.

⁵¹¹ Ibid. 60.

protected by Article 10(1) ECHR.

According to Mowbray,⁵¹² that there are three categories of protected expression: political, artistic and commercial. This thesis seeks to consider another two emerging types, namely, civil and hybrid commercial expression, as independent categories of protected expression.

3.3.1.1 Protected expression

Political expression

Political expression is defined as expression that comments on governmental, rather than individual, action. It includes criticism of politicians or officials whose conduct is capable of triggering political debate.⁵¹³ Due to the benefits of such expression to public accountability and transparency in government, the ECtHR has confirmed that political expression deserves the highest level of protection.⁵¹⁴ In *Surek v Turkey (No 1)*⁵¹⁵ the ECtHR established that:

‘in a democratic system the actions or omissions of the government must be subject to the close scrutiny, not only of the legislative and judicial authorities, but also of public opinion [...] the limits of permissible criticism are wider with regard to the government than in relation to a private citizen’.⁵¹⁶

It was held that the contribution of political dialogue towards the debates of public interest guarantees its peremptory character when weighed against other competing rights.⁵¹⁷ In light of its importance, the ECtHR has laid down some important principles regarding political speech.

In *Ahmet Sadik v Greece*,⁵¹⁸ Mr Sadik, a practising Muslim, was a member of the Greek parliament. During his election campaign as a candidate for the *Güven* political party representing the Muslim population, he circulated communiqués in which the words ‘Turk’ and ‘Turkish Muslim’ were

⁵¹² Alastair Mowbray, *Cases, Materials, and Commentary on the European Convention on Human Rights* (3rd edn, OUP 2012) 627.

⁵¹³ Ibid. 644. *Lingens v Austria* App no 9815/82 (ECtHR, 8 July 1986); *Oberschlick v Austria (No 2)* App no 20834/92 (ECtHR, 1 July 1997).

⁵¹⁴ Harris and Others (n 321) 629-31; Mowbray (n 512) 627.

⁵¹⁵ *Surek v Turkey* App no 26682/95 (ECtHR, 8 July 1999) para 61.

⁵¹⁶ Ibid. See also *Lombardo v Malta* App no 7333/06 (ECtHR, 24 April 2007) para 46.

⁵¹⁷ Ibid.

⁵¹⁸ App no 18877/91 (ECtHR, 15 November 1996).

repeatedly used to refer to the Muslim minority. The Greek court was of the opinion that, by doing so, Mr Sadik provoked discord among citizens, particularly on the Muslim side. He was therefore convicted of ‘deceiving the electors’ and ‘disturbing the public peace’ contrary to Articles 162 and 192 of the Greek Criminal Code. Mr Sadik applied to the ECtHR, claiming that his conviction was an interference with his political expression. He argued that the statements made were protected as expressions within the meaning of Article 10(1) ECHR. Although it was not explicitly held whether such statements were categorised as political expression, the ECtHR acknowledged that the expressions at issue were of such a nature that constituted important national legal issues since they affected the cultural identity of the entire Muslim minority in Western Thrace.⁵¹⁹ Since they were made by a politician in his political discourse, the ECtHR implicitly recognised the importance of the right of individuals to declare one’s ethnic origin.⁵²⁰

In *Lingens v Austria*,⁵²¹ the ECtHR stated that ‘freedom of political debate is at the very core of the concept of a democratic society which prevails throughout the Convention’.⁵²² It also accepted that political expression could contribute towards resolving a country’s problems through an open and pluralistic political debate.⁵²³ For these reasons, it was held that the national convictions amounted to an infringement of the right to freedom of expression.⁵²⁴

Civil expression

Civil expression is another protected form of expression. In the ECHR regime, civil expression is broadly referred to as expression capable of triggering meaningful public discussion and, accordingly, closely associated with certain public interest matters.⁵²⁵ For example, a copy of an internal report regarding manufacturing defects of breathalysers used by the police in a drink-driving case or the publication of an article revealing corruption by national authorities

⁵¹⁹ Ibid. para 25.

⁵²⁰ Ibid. para 28.

⁵²¹ *Lingens v Austria* (n 513).

⁵²² Ibid. 42-44.

⁵²³ Ibid.

⁵²⁴ *Ahmet Sadik v Greece* (n 518) para 26.

⁵²⁵ *Harris and Others* (n 321) 632.

have each been held to be civil expression.⁵²⁶ Needless to say, these are kinds of information to which the public should have access in light of freedom of expression.

The ECtHR has interpreted the concept of civil expression through its case law in a way that also embraces social, economic and cultural aspects of protected expression.⁵²⁷ As civil expression contributes to a democratic society by promoting the public right to be informed about such important matters, the level of protection afforded to this expression should be no less than that afforded to political expression.

*Handyside v UK*⁵²⁸ concerned the publication of a book called the *Little Red Schoolbook*, which allegedly contained pornographic messages. In 1971 the British authorities had seized copies of the book and brought the proprietor of the book, Mr. Handyside, into criminal proceedings. Despite the ECtHR's ruling that this was a legitimate interference with freedom of expression,⁵²⁹ it was accepted that the book was expression protected by Article 10(1). The Court confirmed that the scope of Article 10 protection is broad, and:

‘applicable not only to ‘information’ or ‘ideas’ that are favourably received or regarded as inoffensive or as a matter of indifference, but also to those that offend, shock or disturb the State or any sector of the population’.⁵³⁰

Although the applicant's book contained some elements that conflicted with public morals of the day, the civil expression character may have derived from the fact that it may have been useful teaching material, not only for children but also for general readers, about sex. Here, the content of the book becomes socially important for the public knowledge. Therefore, this case illustrates another aspect of expressions protected under Article 10 ECHR.

*Sunday Times v UK (No 1)*⁵³¹ concerned the publication of a series of

⁵²⁶ Ibid. *Lion Laboratories Ltd v Evans* (n 6).

⁵²⁷ Harris and Others (n 321) 632; Delmas-Marty (n 510) 64.

⁵²⁸ *Handyside v UK* (n 321).

⁵²⁹ Ibid. para 58-59.

⁵³⁰ Ibid. para 49.

⁵³¹ *Sunday Times v UK* App no 6538/74 (ECtHR, 26 April 1979).

newspaper articles criticising the testing and manufacturing history and the aftermath of the taking of a drug called Thalidomide, which was later found to have caused malformation in children whose mothers had taken it during pregnancy. While the publication by the *Sunday Times* was intended to provide to the parents a full account of the drug's after-effects, a preliminary injunction was issued to prevent publication. Having failed to have the injunction lifted by the domestic courts, application was made to the ECtHR claiming that this injunction was an illegitimate interference with freedom of expression. The ECtHR paid particular attention to the merits conveyed by the articles at issue to a democratic society regarding the adverse effects of a drug on public health.⁵³² Given this contribution towards keeping the public properly informed about matters affecting their general interest,⁵³³ the articles were recognised as civil expression and thus afforded a high level of protection.

Commercial expression

According to ECtHR case law,⁵³⁴ commercial expression is also protected expression under Article 10 ECHR. However, the protection afforded to this form of expression is less than that afforded to political or civil expression because it is only made for competitive reasons and member states are thus granted a wider margin of appreciation to put restrictions on it.⁵³⁵ In the European regime, the term commercial expression is described as the dissemination of information, ideas or images, commonly in the form of commercial advertising to consumers, for the pursuit of economic interests and the corresponding right to be informed about such matter.⁵³⁶ This statement, especially in the latter part, is understood to determine the underlying concept that as much regard should at least be paid to consumers' interests in receiving the free flow of information as that of informers.⁵³⁷ Hence, the latter should not be precluded from obtaining Article 10 protection, even though solely

⁵³² Ibid.

⁵³³ Ibid. para 65, 66.

⁵³⁴ See, for example, *Colman v United Kingdom* App no 16632/90 (ECtHR, 28 June 1993); *Casado v Spain* App no 15450/89 (ECtHR, 26 January 1994); *Krone Verlag GmbH & Co KG (no3) v Austria* App no 39069/97 (ECtHR, 11 March 2004).

⁵³⁵ Maya Hertig Randall, 'Commercial Speech under the European Convention on Human Rights: Subordinate or Equal?' (2006) 6 HRLR 53, 84-86.

⁵³⁶ Harris and Others (n 321) 635.

⁵³⁷ Ibid. 636.

motivated by an economic purpose.⁵³⁸

In *Markt Intern Verlag GmbH v Germany*,⁵³⁹ the ECtHR confirmed that, although some published articles and letters contained some derogatory comments about trade practices, they were still protected expressions. Also, in the recent case of *Ashby Donald v France*,⁵⁴⁰ the ECtHR held that photographs taken in a fashion week event and published online were still protected expression under the meaning of Article 10(1) despite a profit-making purpose and the absence of the rightsholder's permission. This was also the case in *The Pirate Bay*,⁵⁴¹ where the service in question put in place the means of communication to allow internet users to share and transfer information and ideas online. Such activity was considered to be protected commercial expression within the scope of Article 10.

Hybrid commercial expression

The ECtHR jurisprudence also suggests that there exists another aspect of commercial speech, which includes a public interest element. This category, as may be called 'hybrid or category crossover expression'⁵⁴², represents the combined characters of commercial and civil expressions. In particular, it is seen as a way in which the subordinate status of purely commercial speech can be fine-tuned to embrace a greater degree of protection by its non-commercial facet that contributes to a debate of general interest. In *Barthold v Germany*,⁵⁴³ the expression at issue concerned an article published in a local newspaper containing an interview with a veterinary surgeon (Barthold) and his criticism about 'the absence of veterinary service at night'. While the German court regarded the published speech as purely commercial and conducted with unfair competitive manners against his fellow veterinarians, the ECtHR found it unacceptable to disregard the contribution that a profit-driven publication could have made towards a public debate of general interest. This proposition of recognising the hybrid commercial expression as protected expression was

⁵³⁸ Ibid.

⁵³⁹ App no 10572/83 (ECtHR, 20 November 1989).

⁵⁴⁰ App no 36769/08 (ECtHR, 10 January 2013).

⁵⁴¹ *The Pirate Bay* (n 497).

⁵⁴² Harris and Others (n 321) 639.

⁵⁴³ *Barthold v Germany* App no 8734/79 (ECtHR, 25 March 1985) para 58.

repeated in *Hertel v Switzerland*.⁵⁴⁴ The subject-matter was a published article in a health journal alleging that microwave ovens caused cancer. Although it was acknowledged that the author's expression was profit-driven and prejudicial to manufacturers' and suppliers' interests, the ECtHR placed more focus on 'his participation in a debate affecting the general interest, for example, over public health'.⁵⁴⁵

In short, a fairly clear distinction between purely commercial and hybrid commercial speech has been made in ECtHR case law. Despite both being regarded as protected expressions under Article 10, various degrees to which a particular expression receives protection afforded by Article 10 will have a significant effect to the legitimacy of interferences with such expression.

Artistic expression

Artistic work can be defined as a form of expression that illustrates literary creations such as novels, books, poetry and other arranged creative productions of objects, such as images, photographs, sculptures, carvings, posters, paintings, theatrical works, sounds and words.⁵⁴⁶ Artistic freedom is vital to a variety of human values and human development due to its importance in promoting pluralism, tolerance and broadmindedness as preconditions to a healthy democracy.⁵⁴⁷ The prominent ECtHR's dictum with regard to the protection of artistic works can be found in *Muller and Others v Switzerland*.⁵⁴⁸ This case concerned three paintings, which explicitly depicted sexual activities, namely fellatio, sodomy and sex with animals. The ECtHR acknowledged that, in spite of an unclear differentiation between various forms of protected expression, Article 10 protection extends to:

‘freedom of artistic expression – notably within the freedom to receive and impart information and ideas – which affords the

⁵⁴⁴ *Hertel v Switzerland* App no 25181/94 (ECtHR, 25 August 1998).

⁵⁴⁵ *Ibid.* para 47.

⁵⁴⁶ Research Division of the ECtHR, ‘Cultural Rights in the Case-Law of the European Court of Human Rights’ (January 2011), section: Right to Artistic Expression p 5-7; Statement by the Delegation of the United States of America 28th Session of the UN Human Rights Council, As Delivered by Ambassador Keith Harper (Geneva, 13 March 2015); Mowbray (512) 668-9.

⁵⁴⁷ *Harris and Others* (n 321) 633. See also *Handyside v UK* (n 321) para 49.

⁵⁴⁸ App no 10737/84 (ECtHR, 24 May 1988).

opportunity to take part in the public exchange of cultural, political and social information and ideas of all kinds'.⁵⁴⁹

As is also evident in the consideration of civil expression, the scope of protection afforded to freedom of expression extends not only to inoffensive or indifferent information or ideas, but also those having an offensive, shocking or disturbing nature.⁵⁵⁰ Artistic expression that contributes to the exchange of information and ideas, such as the paintings in *Muller*, is believed to open up the public space and the boundaries of public sensibilities are pushed out to embrace and promote debate about controversial issues.⁵⁵¹ This is despite them being obscene, offensive or challenging to some. These merits can in turn lead to the formation of a plural, tolerant and broadminded society, which are prerequisites for democracy. Therefore, the considerations above suggest that pursuant to the meaning of Article 10(1) the paintings at issue are regarded as protected expression, though it was later concluded that the interference imposed by the Swiss authority against the applicant was deemed proportionate and necessary in a democratic society in light of Article 10(2).⁵⁵²

In *Vereinigung Bildender Künstler v Austria*,⁵⁵³ satirical paintings of public figures in sexual postures were also considered to be protected expressions because the ECtHR recognised that 'satire is a form of artistic expression and social commentary and, by its inherent features of exaggeration and distortion of reality, naturally aims to provoke and agitate'.⁵⁵⁴

The case law considered above suggests that the contribution of artistic expression to the freedom to exchange ideas and opinions and the promotion of social criticism in a democratic society justifies its protection. This is regardless of its reprehensible character in the copyright context, such as obscene painting, offensive film and novels inciting hatred and violence.⁵⁵⁵

⁵⁴⁹ Ibid. para 27.

⁵⁵⁰ Ibid. para 33. See also *Handyside v UK* (n 321) para 49.

⁵⁵¹ Ibid. Statement by the US Delegation in (n 546).

⁵⁵² *Muller v Switzerland* (n 548) para 36.

⁵⁵³ App no 68354/01 (ECtHR, 25 January 2007).

⁵⁵⁴ Ibid. para 33.

⁵⁵⁵ See *Muller v Switzerland* (n 548).

Copyright infringements in terms of ‘type of expression’

Considering what is included under the definition of protected expressions, the scope of protection embraces art, music, films, print media and anything that allows the transfer of information. As copyright protects original and fixed forms of literary, artistic, dramatic, musical and some other derivative works,⁵⁵⁶ this indicates that all copyright-protected works including their copies are also recognised as protected expressions. They are most likely to be considered commercial or artistic rather than political expression. Copyright law provides authors with exclusive rights to have control over the use of the work in which they have bestowed their skills and labour, to allow them to make a living out of their creations. Therefore, any use or reproduction of such copyright-protected works without the author’s permissions under the exercise of the right protected by Article 10 ECHR will trigger an interface between copyright and freedom of expression in which a balancing of rights is required. The level to which such commonly overlapping areas of works receives protection from each right in the balancing exercise is dependent on various factors.

3.3.1.2 Means of communication

The protection afforded by Article 10 ECHR is not restricted to particular types of expression. It covers different means of communication, such as newspapers and other forms of print and electronic media such as internet.⁵⁵⁷ Journalism has perhaps attracted the most judicial attention. Although there is no universal definition or recognition of journalism, the relevant ECtHR jurisprudence suggests that it is the activity of gathering, assessing, creating, and presenting news and information with a distinguished identifiable characteristic and practice.⁵⁵⁸ Due to its vital purpose of providing people with verified information through systematic journalistic process, journalism can be regarded as a means by which information is communicated.

⁵⁵⁶ Berne Convention, Art 2.

⁵⁵⁷ See, for example, *The Pirate Bay* (n 497) 10.

⁵⁵⁸ Reuter Institute for The Study of Journalism, ‘Definitions of Journalism’ <<https://reutersinstitute.politics.ox.ac.uk/page/definitions-journalism#sthash.UlWy8s6o.dpuf>> accessed 17 April 2016.

Following the development of the ‘information society’, journalism is one of the primary means whereby information, news and ideas are exchanged and shared among individuals and the public, either spoken, printed or using electronic media.⁵⁵⁹ Freedom of expression can be enhanced through the capability of journalists to freely convey information to society, and it is perhaps this merit that has reserved a strong presumption for the principle of journalistic freedom to stand securely in the scope of Article 10 protection. When the exercise of freedom of expression in the context of journalism is interfered with by other competing interests, especially those exercised by copyright holders, the publicly valuable aspect of journalistic activities is one of the factors for balancing freedom of expression and copyright.⁵⁶⁰

3.3.1.3 Excluded expressions

Given the degree to which each type of expression is protected by Article 10 ECHR is determined by the level of contribution it makes towards a democratic society, hate speech sits at the opposite end to political speech and may fall short of the scope of protection completely. As far as the ECtHR jurisprudence is concerned, it has been a contentious issue for national courts to confer protection to expressions that advocate ‘violence, hatred and discrimination against individuals or groups on the basis of their race, colour, ethnicity, religious beliefs, sexual orientation, or other status’.⁵⁶¹ As elucidated earlier, freedom of expression promotes pluralism, tolerance and broadmindedness, all of which are essential foundations of a democratic society.⁵⁶² That being said, ‘it may be considered necessary in certain democratic societies to sanction or even prevent all forms of expression which spread, incite or promote hatred based on intolerance’.⁵⁶³ Against this backdrop, although the case law on Article 10 suggests that it seems difficult to draw the line between morally worthless expressions and those contributing to

⁵⁵⁹ There are two major means by which freedom of expression may be exercised – journalism and broadcasting. This thesis has no intention to discuss the latter means, the scope of which is set by the third sentence of Article 10(1) ECHR.

⁵⁶⁰ Mowbray (n 512) 634.

⁵⁶¹ Daniel Moeckli and others (eds), *International Human Rights Law* (2nd edn, OUP 2014) 230.

⁵⁶² *Handyside v UK* (n 321) para 49; *Sunday Times v UK* (n 531) para 65.

⁵⁶³ *Erbakan v Turkey* App no 59405/00 (ECtHR, 6 July 2006) para 56.

legitimate debate of controversial matters,⁵⁶⁴ the ECtHR has adopted two approaches when dealing with the intersection between freedom of expression and incitement to hatred.⁵⁶⁵

First, despite the explicit wording of Article 10(1) ECHR excluding speech inciting hatred from the protection, the ECtHR have expressly taken the view that what amounts to hate speech is not protected.⁵⁶⁶ The exclusion has consistently been based on the justification that hate speech is incompatible with the ECHR's underlying values⁵⁶⁷ and, as such, it would not be allowed to enjoy Article 10 protection by Article 17 of the same Convention [prohibition of abuse of rights].⁵⁶⁸ To date, relevant case law suggest that what negates the spirit of the ECHR and therefore falls within the non-protected hate speech category includes, *among other things*, expressions promoting or inciting religious hatred, anti-Semitism,⁵⁶⁹ racial or ethnic discrimination⁵⁷⁰ or pro-Nazi ideology,⁵⁷¹ and those condoning terrorism and war crimes, e.g. Holocaust denial.⁵⁷²

⁵⁶⁴ Howard Davis, *Human Rights Law Directions* (4th edn, OUP 2016) para 17.9.4.

⁵⁶⁵ European Court of Human Rights - Council of Europe, 'Hate Speech' (2017) Press Unit, factsheet 1 <www.echr.coe.int/Documents/FS_Hate_speech_ENG.pdf> accessed 15 December 2017 (*The ECtHR Factsheet on Hate Speech*).

⁵⁶⁶ *Belkacem v Belgium* App no 34367 (ECtHR, 20 July 2017); *M'Bala M'Bala v France* App no 25239/13 (ECtHR, 20 October 2015); *Seurot v France* App no 57383/00 (ECtHR, 18 May 2004); *Garaudy v France* App no 65831/01 (ECtHR, 24 June 2003); *Jersild v Denmark* (1995) 19 EHRR 1 para 35; *Lehideux and Isorni v France* App no 24662/94 (ECtHR, 23 September 1998) para 53. See also European Court of Human Rights-Council of Europe, 'Hate Speech by the Leader of a Radical Salafist Organisation was Not Protected by Freedom of Expression' (2017) Press Release issued by the Registrar of the Court on 20 July 2017 (*The ECtHR Press Release on 20 July 2017*); The ECtHR Factsheet on Hate Speech (n 565) 2-5; Davis (n 564) para 17.9.4; Mowbray (n 512) 655-657, 701; Bernadette Rainey and others, *The European Convention of Human Rights* (7th edn, OUP 2017) 494-496; Ivan Hare, 'Extreme Speech under International and Regional Human Rights Standards' in Ivan Hare and James Weinstein (eds), *Extreme Speech and Democracy* (OUP 2009) 74, 76-78.

⁵⁶⁷ According to case law, those fundamental values are tolerance, social peace and non-discrimination. See, for example, *Belkacem v Belgium* (n 566); *Pavel Ivanov v Russia* App no 35222/04 (ECtHR, 20 February 2007); *Norwood v UK* App no 23131/03 (ECtHR, 16 November 2004). See also The ECtHR Factsheet on Hate Speech (n 565) 2, 4.

⁵⁶⁸ See a summary of the most recent judgment of *Belkacem v Belgium* (n 566) in The ECtHR Press Release on 20 July 2017 (566) 1-3; *Lehideux v France* (n 566) para 47.

⁵⁶⁹ *Belkacem v Belgium* (n 534); *Norwood v UK* (n 567); *Gündüz v Turkey* App no 35071/97 (ECtHR, 4 December 2003) para 51; *Otto Preminger Institut v Austria* App no 13470/87 (ECtHR, 20 September 1994).

⁵⁷⁰ *Jersild v Denmark* (n 566); *Glimmerveen and Hagenbeek v the Netherlands* App no 8348/78 (ECtHR, 11 October 1979); *Pavel Ivanov v Russia* (n 567).

⁵⁷¹ *Lehideux v France* (n 566).

⁵⁷² *Garaudy v France* (n 566); *M'Bala M'Bala v France* (n 566); *Honsik v Austria* App no

Having paid cautious attention in identifying excluded expression, the ECtHR has also recognised that certain types of hate speech, although they are offensive, provocative, insulting or hostile in nature, do not incite violence or hatred to the extent that they are inclined to undermine the spirit of the ECHR.⁵⁷³ Rather, some of them could bear on a matter of public interest, leading to legitimate debate of controversial or sensitive matters.⁵⁷⁴ Under such circumstances, the ECtHR has adopted the balancing approach, in which the expression in question is protected but is subject to some restrictions set out by Article 10(2).⁵⁷⁵ The rationale underlying this approach may be that allowing the less extreme types of hate speech to be balanced with other competing interests at stake can be seen as a way to enhance pluralism, tolerance and broadmindedness in societies.⁵⁷⁶ Such circumstances have involved, *inter alia*, offensive online comments criticising misleading real estate business practices;⁵⁷⁷ racist and nationalistic views directed to provoke the historical debate about the 1915 massacres of the Armenians;⁵⁷⁸ and hostile remarks made against Muslim immigrants to stir up debates on their rapid growth in numbers.⁵⁷⁹

Rather than taking extreme approaches in either totally depriving all kinds of hate speech of Article 10 protection or protecting them regardless,⁵⁸⁰ adopting

25062/94 (ECtHR, 18 October 1995); *Leroy v France* App no 36109/03 (ECtHR, 2 October 2008). For more detail, see also Moeckli and others (n 352) 230; The ECtHR Factsheet on Hate Speech (n 533); Davis (n 532) para 17.9.4; Mowbray (n 534) 655-657.

⁵⁷³ The ECtHR Factsheet on Hate Speech (n 565) 1. See also *Perincek v Switzerland* App no 27510/08 (ECtHR, 15 October 2015); *Otegi Mondragon v Spain* App no 2034/07 (ECtHR, 15 March 2011).

⁵⁷⁴ *Magyar Tartalomszolgáltatók and Index.hu Zrt v Hungary* App no 22947/13 (ECtHR, 2 February 2016); *Perincek v Switzerland* (n 573); *Jersild v Denmark* (n 566); *Lehideux and Isorni v France* (n 566). See also Davis (n 564) para 17.9.4.

⁵⁷⁵ See, for example, *Walendy v Germany* App no 21128/92 (ECtHR, 23 September 1992).

⁵⁷⁶ *Handyside v UK* (n 321) para 49.

⁵⁷⁷ *Magyar Tartalomszolgáltatók and Index.hu Zrt v Hungary* (n 574).

⁵⁷⁸ *Perincek v Switzerland* (n 573).

⁵⁷⁹ *Le Pen v France* App no 18788/09 (ECtHR, 20 April 2010).

⁵⁸⁰ The latter approach is evident in the US free speech regime, for more detail, see James Weinstein, *An Overview of American Free Speech Doctrine and Its Application to Extreme Speech* (OUP 2009).

this balancing approach would be more harmonising for the confrontation between freedom of expression and the protection of individuals and the public from hate speech. While it is comprehensible for the ECtHR to preclude exceptionally intolerable hate speech from the protection so as to keep the ECHR's fundamental values intact, the balancing approach will in most cases provide sufficient room for the ECtHR in its judicial analysis to not only look at the merits or reprehensibility of the content *per se*, but also other identifiable public interest reasons it may carry.⁵⁸¹ More importantly, it reflects the pivotal balancing function of Article 10(2) in dealing with the question of how much interference imposed against different types of expression is to be tolerated.

3.3.2 Concluding remarks for Article 10(1) ECHR

Apart from the excluded hate speech delineated above, expression that contributes to free flow of information and ideas, ranging from political to commercial types expressed through all means of communication, is protected under the meaning of Article 10(1) ECHR. This is because it helps promote the principles of pluralism, tolerance and broadmindedness and is thus necessary for maintaining a democratic society. In this sense, unauthorised reproductions of literary, musical, dramatic, artistic, or any other derivative copyright-protected works may fall within one of the categories of protected expression, albeit being subject to copyright infringements.

When such unauthorised uses of copyright works occur, copyright law ensures that the rightsholders are placed in a position to take legal actions against infringers. This may then lead to different remedies or sanctions ordered by courts. It is these types of copyright measures that are, in the freedom of expression's view, understood to constitute interferences with the rights protected by Article 10 ECHR, and where there exists an interference with freedom of expression by the exercise of copyright, part of the assessment of the legitimacy of that interference will depend on the type of expression concerned. All of these types of expressions can engage in copyright discussions in various forms of reproduction, such as copies of minutes from

⁵⁸¹ Hare (n 566) 76.

political conferences (political expression) or copies of portraits, images or photographs (artistic expression). Considering this overlapping area between both bodies of rights, it is now worth examining what types of interferences copyright may give rise to and to what extent they are said to interfere with freedom of expression in the light of relevant legal instruments and case law.

3.3.2.1 Types of measures applicable to copyright infringement

There are both civil and criminal penalties for which infringers of copyright law can be liable. At the international level, sections 2 and 5 in part III of TRIPS set out the general rules for an infringement of IPR. Section 2 provides that states are obliged to ensure that civil remedies are available under domestic law for rightsholders to seek injunctions to cease an infringing activity, or for damages to reimburse the benefit he has lost because of such infringement, including attorney's fees and costs arising thereof, or both.⁵⁸² Section 5 confirms that criminal sanctions, namely imprisonment and fines, are also available in wilful copyright piracy on a commercial scale.⁵⁸³

In the context of copyright, the WIPO Copyright Treaty lays down that it is a matter for national authorities to ensure that expeditious and deterrent remedies are put in place to permit effective actions against copyright infringement.⁵⁸⁴ These generally-defined principles are then transposed into copyright laws of member states with more detailed conditions and procedures. For instance, Chapter 5 of the US Copyright Act entitles claimants to different civil remedies, including preliminary or permanent injunctions, actual or statutory damages, and equitable relief such as seizure orders and costs.⁵⁸⁵ Criminal penalties are also determined, including imprisonment and fines, to be applicable to some cases where an infringer acts 'for the purpose of commercial advantage or private financial gain'.⁵⁸⁶ Similarly, UK copyright law provides for injunctions and damages, and criminal remedies with various

⁵⁸² TRIPS, Arts 44, 45.

⁵⁸³ TRIPS, Art 61.

⁵⁸⁴ WCT, Art 14: Provisions on Enforcement of Rights.

⁵⁸⁵ 17 USC ss 502, 504, 505.

⁵⁸⁶ 17 USC s 506.

degrees of fines and imprisonment.⁵⁸⁷

In the EU copyright regime, there are three Directives that are of particular relevance to remedies imposed against copyright infringement. First, the enforcement directive generally obliges member states to put in place appropriate civil remedies to the infringement of IPR.⁵⁸⁸ Article 8 of the Copyright Directive provides that member states shall put in place measures to ensure that an application for injunctions or damages or both is available to rightsholders in infringement claims.⁵⁸⁹ Member states are also allowed to provide criminal sanctions against such infringements where appropriate.⁵⁹⁰ Recital 45 and Article 14(3) of the E-commerce Directive⁵⁹¹ require that the courts of member states' have discretionary power to grant different injunctions or other measures against intermediaries whose online services are exploited by a third party to infringe copyright or related rights.

Judgments of the ECtHR

The applications of both civil and criminal remedies within the EU are evident in ECtHR and ECJ case law. Both Courts have acknowledged that those types of sanctions lead to interferences with freedom of expression protected under ECHR and CFREU. In *Ashby Donald and others v France*,⁵⁹² the Court of Appeal in Paris referred to Article L.335-2 of the French Copyright Act for imposing criminal sanction (fines) against the three photographers and for awarding civil remedy (damages) to the French Design Clothing Federation and five fashion houses.⁵⁹³ When the application was made to the ECtHR with the applicants' claim that the fines and the award of damages were an interference with freedom of expression, it was accepted.⁵⁹⁴ Despite an absence of further explanation in the judgment, it was likely that such copyright

⁵⁸⁷ CDPA, Ch. 6 ss 97, 97(a), 103 and 107.

⁵⁸⁸ Directive 2004/48/EC of the European Parliament and of the Council of 29 April 2004 on the enforcement of intellectual property rights.

⁵⁸⁹ Copyright Directive, Art 8(2).

⁵⁹⁰ Ibid. Art 8(1).

⁵⁹¹ Directive 2000/31/EC of the European Parliament and of the Council on certain legal aspects of information society services, in particular electronic commerce, in the Internal Market. See also Recital 59 of Copyright Directive, Art 8(3).

⁵⁹² *Ashby Donald and others v France* (n 492).

⁵⁹³ Ibid. 15.

⁵⁹⁴ Ibid.

measures could financially incapacitate the applicants to the extent that they were prohibited from expressing themselves freely and, discouraged to further exercise their right to freedom of expression via online means.⁵⁹⁵

Another example of interferences with the right to freedom of expression imposed by copyright law is evident in the *Pirate Bay* case.⁵⁹⁶ The criminal proceedings together with private claims for damages were brought against The Pirate Bay by numerous rightsholders of music, films and computer games, whose interests were undermined by the unauthorised use of their copyright materials by third-party users accessing the file-sharing service website. The Swedish Court of Appeal resorted to the Copyright Act (Upphovsrättslagen, 1960:729) Chapter 7 Section 53 and the Penal Code Chapter 23 Section 4 to hold the company's owners liable for joint damages of €5 million, and imprisonments. The ECtHR recognised that the service provided by the applicants was a means by which public users exercised their freedom of expression, and so 'the actions taken by the applicants are afforded protection under Article 10 of the Convention'.⁵⁹⁷ Thus, the criminal conviction and the award of damages against the applicants in response to the claimed copyright infringement interfered with their right to freedom of expression.

Judgments of the ECJ

The ECJ has also recognised that injunctions awarded on the basis of copyright law interfere with freedom of expression.⁵⁹⁸ In *Scarlet Extended SA v SABAM*, the rightsholder of musical works – SABAM – sued an internet service provider whose online services were used by third-party users to infringe their copyright. The President of the Tribunal de premiere instance of Brussels decided in favour of the claimant by granting an injunction in the form of a 'filtering and blocking measure' against the defendant. The grant was claimed to be for the purpose of bringing such infringing activities to an end and

⁵⁹⁵ Ibid. para 43.

⁵⁹⁶ *The Pirate Bay* (n 497).

⁵⁹⁷ Ibid. 10.

⁵⁹⁸ The relation between the ECtHR and ECJ, including an overlapping area of the protected right to Freedom of expression, is elaborated below.

preventing further infringement in accordance with Articles 8(3) and 11 Copyright Directive and Section 87(1) of the Law of 30 June 1994 on copyright and related rights.⁵⁹⁹ The ECJ recalled that the service provided by Scarlet Extended SA facilitated the exercise of the freedom to receive and impart information online and that this freedom was protected by Article 11 CFREU.⁶⁰⁰ The copyright blocking measure in question suggested the blockage of both lawful and unlawful electronic communications, which might be a disincentive on future users.⁶⁰¹ Such an effect would result from the preventive nature of such blocking measure, which protected not only existing copyright-protected works, but also works not yet created. Therefore, future users who wish to participate in electronic communications may be discouraged from doing so.⁶⁰² Against this background, the copyright measure at issue constituted an interference with the right to freedom of expression.⁶⁰³

It is clear then that copyright protection measures – both criminal sanctions and civil remedies – can constitute interference with the right to freedom of expression. These measures are primarily intended to bring an end to copyright-infringing activities and, in some cases, prevent further infringement for the sake of copyright owners’ interests.

3.3.3 Article 10(2) ECHR: legitimate interferences with the right to freedom of expression

While the analysis of Article 10(1) ECHR demonstrates what protected expression is, Article 10(2) provides that the right to freedom of expression is not absolute.⁶⁰⁴ It allows some interference to be justified and legitimate if it satisfies three requirements: being prescribed by law, being in pursuance of a

⁵⁹⁹ Case C-70/10 *Scarlet Extended SA v SABEM* [2011] ECR I-11959 para 31.

⁶⁰⁰ *Ibid.* para 50.

⁶⁰¹ *Ibid.* para 47. See also Case C-360/10 *SABEM v Netlog* [Third Chamber, 16 February 2012] para 48.

⁶⁰² *Ibid.*

⁶⁰³ Case C-360/10 (n 601) para 50.

⁶⁰⁴ Alastair Mowbray, ‘A Study of the Principle of Fair Balance in the Jurisprudence of the European Court of Human Rights’ (2010) 10(2) HRLR 289, 305, 308, which provides that wherever the Convention provisions include limitation clauses i.e. Art 10(2), the fair balance principle is frequently applied by the Court.

legitimate aim, and being *necessary in a democratic society*.⁶⁰⁵

Having applied this notion to the intersection between copyright and freedom of expression, Article 10 allows for limits to be imposed on the latter right to ensure that it is not immune from the enforcement of the former. This is seen in one of the ECtHR's long-established principles of the interpretation of the Convention, in which it has an inherent duty to seek a balance between the protection of applicants' fundamental rights and interference with such rights by respondent states.⁶⁰⁶

3.3.3.1 Elements to be considered 'when assessing the legitimacy of an interference with the right to freedom of expression'

Prescribed by law

The ECtHR has established a fairly clear definition of what 'prescribed by law' means. 'Law' has been largely interpreted to embrace not only statutes and unwritten laws, such as legal norms of a common law regime,⁶⁰⁷ but also the rules made by delegated rule-making authoritative bodies.⁶⁰⁸ In *The Sunday Times v UK*,⁶⁰⁹ the ECtHR identified two characteristics of a law for the purposes of Article 10(2) ECHR:

'First, the law must be adequately accessible: the citizen must be able to have an indication that is adequate in the circumstances of the legal rules applicable to a given case. Secondly, a norm cannot be regarded as a 'law' unless it is formulated with sufficient precision to enable the citizen to regulate his conduct: he must be able—if need be with appropriate advice—to foresee, to a degree that is reasonable in the circumstances, the consequences which a given action may entail'.⁶¹⁰

With regard to the 'accessibility', it was not a difficult task for the ECtHR in this case to decide that the common law of contempt of court satisfied this subtest. The law was sufficiently accessible to individuals and enabled them 'to

⁶⁰⁵ See Art 10(2) ECHR. *Handyside v UK* (n 321) para 43.

⁶⁰⁶ *Soering v UK* App no 14038/88 (ECtHR, 7 July 1989) para 89. See also *Mowbray* (n 604) 289.

⁶⁰⁷ *Sunday Times v UK* (n 531) paras 18, 47.

⁶⁰⁸ *Barthold v Germany* (n 543) paras 24, 46.

⁶⁰⁹ *Sunday Times v UK* (n 531).

⁶¹⁰ *Ibid.* para 49.

have an indication which was adequate in the circumstances of the legal rules applicable to a given case'.⁶¹¹ The availability of legal advice to indicate the existence and the ability to use and understand the law is an important factor to determine that the law is sufficiently accessible.⁶¹²

Another characteristic that a given law is required to have is a certain degree of foreseeability. An established condition for this subtest is evident in the same case, where two common law principles embodied in the law of contempt of court, namely the pressure principle and the prejudgment principle, were considered to be the basis on which an injunction was granted.⁶¹³ The ECtHR accepted that English law provided sufficient precision to allow the applicant to reasonably foresee that 'a deliberate attempt to influence the settlement of pending proceedings by bringing public pressure to bear on a party'⁶¹⁴ was contrary to the pressure principle and thereby constituted contempt of court.⁶¹⁵ The Court added that the possibility that the publication of the articles at issue could lead to a public prejudgment of ongoing proceedings was adequately foreseeable to such a degree that it was appropriate to say that such publishing activity amounted to contempt of court.⁶¹⁶ This case suggests that attributes of the law at issue – providing sufficient detail and allowing individuals to foresee within a reasonable period of time after its formulation whether their conduct might lead to an infringement – are determining factors for this subtest.

In *Muller v Switzerland*,⁶¹⁷ an individual applicant intended to display his paintings depicting sexual intercourse between men and animals in an open exhibition. The ECtHR had to deal with the question of whether or not the temporary seizure and fines imposed on the applicant were in violation of his right to freedom of expression. In the ruling, the ECtHR had a chance to further clarify its previous proposition given in *The Sunday Times v UK*. In

⁶¹¹ Ibid.

⁶¹² Ibid. para 52.

⁶¹³ Ibid. para 50.

⁶¹⁴ Ibid.

⁶¹⁵ Ibid. paras 50, 51.

⁶¹⁶ Ibid. para 52.

⁶¹⁷ *Muller v Switzerland* (n 548).

addition to the ancillary assertion that the accessibility test was satisfied,⁶¹⁸ the ECtHR agreed with the Swiss courts that the challenge by the painter, that the term ‘obscene’ in article 204(1) of the Swiss criminal law was too ambiguous to allow artists or exhibitors to foresee the possible risk of breaking the law, was unfounded. Despite the required degree of precision of interference,⁶¹⁹ ‘the Court has however already emphasised the impossibility of attaining absolute precision in the framing of laws’.⁶²⁰ This may be because the ECtHR also took into account the ineffectiveness of inflexible laws in keeping pace with constantly evolving public opinions on obscenity.⁶²¹

Legitimate aims

An interference must also pursue a legitimate aim; that is, it must pursue one of the purposes enumerated in Article 10(2) ECHR to be justified. Among those purposes, particular attention should be directed to the aim of the protection of the rights of others. Copyright is captured by this aim. To determine to what extent, the ECtHR’s case law concerning Article 1 of Additional Protocol 1 (A1P1) – the protection of peaceful enjoyment of property – should be considered. The ECtHR has endorsed the fundamental legal status of intellectual property by virtue of its determination that it is protected by A1P1.

That intellectual property is protected by A1P1 was confirmed by the ECtHR in *Anheuser-Busch Inc v Portugal*.⁶²² The applicant, an American company selling the beer under the *Budweiser* brand, argued that they had a right to register the brand as a trademark. The Portuguese Supreme Court held that the word ‘Budweiser’ could not be registered as a trademark as doing so would infringe the appellation of origin rule recognised in a bilateral agreement concluded between the Portuguese and Czech governments. In an application to the ECtHR, the applicant argued that this constituted a violation of its right

⁶¹⁸ Ibid. paras 20, 29.

⁶¹⁹ Ibid. para 29.

⁶²⁰ Ibid. Nevertheless, the acceptable degree of foreseeability is not only determined by the fact that the law in question is enacted in a certain legal instrument, but also by the level of precision regarding a course of conduct such a law is designed to protect or exclude, and the formalities and conditions attached to such conduct. See *Editorial Board of Pravoye Delo v Ukraine* App no 33014/05 (ECtHR, 5 May 2011) paras 61-66.

⁶²¹ *Muller v Switzerland* (n 548) 29.

⁶²² App no 73049/01 (ECtHR, 11 January 2007).

to enjoy peaceful possession of its intellectual property as protected by A1P1.

A preliminary question was whether A1P1 was applicable to intellectual property. In answering this, the ECtHR began by establishing the general principle that the protection afforded by the Article may be enjoyed by a person who had a ‘legitimate expectation of obtaining an asset’,⁶²³ both in tangible and intangible forms. It then made reference to *Smith Kline and French Laboratories Ltd v Netherlands*,⁶²⁴ in which the European Commission on Human Rights submitted that a patent was regarded as personal, transferable and assignable property owned by the proprietor; therefore, it was protected by A1P1.⁶²⁵ The Commission’s recognition was bolstered by the ECtHR’s statement, which firmly reiterated that A1P1 was widely interpreted to encompass all IPR.⁶²⁶ This important concept was understood to underpin the statement in *Ashby Donald v France* that the imposed interferences based on copyright infringement pursued the aim of protecting the rights of fashion designers.⁶²⁷ It may be inferred that interference initiated by national copyright laws can, to a great extent, have recourse to the broadly-interpreted notion that copyright, as a form of IPR protected by A1P1, satisfies the requirement that interference with freedom of expression has a legitimate aim.

Necessary in a democratic society

Before assessing in detail the extent to which copyright is necessary in a democratic society in light of the test in Article 10(2) ECHR, it is necessary to consider the views of the two prominent courts towards the need to strike a fair balance between freedom of expression and copyright.

Judgments of the ECtHR

A1P1 does not afford greater protection to rightsholders than that afforded by Article 10 ECHR. This can be seen from the actual provision, which reads:

⁶²³ Ibid. para 65.

⁶²⁴ App no 12633/87 (Commission decision, 4 October 1990) para 70.

⁶²⁵ Ibid. para 67.

⁶²⁶ *Melnichuk v Ukraine* App no 28743/03 (ECtHR, 5 July 2005).

⁶²⁷ *Ashby Donald and others v France* (n 492) para 40.

‘Every natural or legal person is entitled to the peaceful enjoyment of his possessions. No one shall be deprived of his possessions except in the public interest and subject to the conditions provided for by law and by the general principles of international law’.

The text indicates that the right to peaceful enjoyment of property is subject to some limitations, and that the right to freedom of expression is one of them. This was one of the two decisive elements on which the ECtHR based its final ruling that there was no violation of Article 10 ECHR in *Ashby Donald and Others v France*.⁶²⁸ The ECtHR acknowledged that, where the two conflicting rights are among those guaranteed by the Convention and its Protocols, no right has absolute priority and the need to protect one may, in turn, lead to restrictions on the other.⁶²⁹ Such circumstance is well represented in this case where it reveals the clash between two fundamental rights, both of which pursued legitimate aims: copyright protection guaranteed by AIP1 and freedom of expression guaranteed by Article 10 ECHR. In this regard, national authorities are obliged to strike a fair balance between them through their margin of appreciation and this assessment will form part of the assessment of whether the restriction was *necessary in a democratic society*.⁶³⁰

Judgments of the ECJ

It is worth taking a look at some of the ECJ’s rulings in similar cases, albeit with different laws applied,⁶³¹ concerning the balancing of two conflicting EU fundamental rights. *Scarlet Extended SA v SABAM* and *SABAM v Netlog*,⁶³² both involve SABAM, a Belgian authority responsible for monitoring the use of musical works. SABAM imposed obligations on the internet service provider (Scarlet Extended SA) in the former case and on the online social network service host (Netlog) in the latter to install a filtering system, which required them to scan through all users’ IP addresses and all contents communicated within their services. This was part of the preventive measure

⁶²⁸ Ibid. paras 40,45.

⁶²⁹ Ibid. para 40.

⁶³⁰ Ibid.

⁶³¹ This is because of their different obligations. The ECJ rules on EU law, while ECtHR rules on ECHR cases. Thus, when a case concerning conflict between freedom of expression and intellectual property is brought before the ECJ, the Arts 11 and 17 CFREU are applied.

⁶³² Case C-70/10 (n 599); Case C-360/10 (n 601) with similar facts, results and effects.

for the claimed purpose of identifying illegal copyrighted file downloads by the users of such intermediaries. The ECJ held that, although it was true that IPR were protected by Article 17 CFREU, there was no statement that suggested the right was inviolable. In fact, the measure in question would impose an unlimited burden on service providers and render the system incapable of separating illegitimate content from legitimate and amount to an unreasonable interference with the freedom to communicate lawful information.⁶³³ Accordingly, there was no fair balance between copyright protection guaranteed by the CFREU, and the right to freedom of expression guaranteed not only by Article 11 CFREU, but also by Article 10 ECHR.⁶³⁴

This analysis shows that both Courts recognise the need to strike a fair balance between copyright and the right to freedom of expression. This mutually agreed proposition is reflected in the crucial function of the last condition in Article 10(2). The *necessary in a democratic society* test is a decisive element that takes into account various factors in examining the level to which other competing rights are necessary to a democratic society to interfere with the enjoyment of freedom of expression. In light of the need for predictability and certainty, an establishment of a clear, but not exhaustive, set of the test's criteria may thus be useful to enable the ECtHR to effectively strike such a balance. It would also allow the concerned parties to be made aware of the acts of disrupting freedom of expression in the future.

Analysis in light of the ECtHR's judgments

Despite an absence of certain criteria, the ECtHR has construed the requirement that an interference be necessary in a democratic society in a relatively understandable and consistent way. A number of judgments suggest that the test requires the ECtHR to consider whether the interference complained of corresponds with 'a pressing social need' and 'whether the

⁶³³ Case C-70/10 (n 599) paras 50, 52; Case C-360/10 (n 601) paras 48, 50.

⁶³⁴ Case C-70/10 (n 599) paras 45, 53; Case C-360/10 (n 601) para 51. Although the ECJ is under no responsibility to rule on ECHR, the EU is bound by its own law to respect all fundamental rights, and by Art 52 CFREU to regard the rights guaranteed by the ECHR as the lowest acceptable standard of protection. These oblige the ECJ to provide special importance to the ECtHR's rulings as its interpretative guides and follow such rulings on matters regarding human rights. See Case C-413/99 *Baumbast v Secretary of State* [2002] ECR I-7091.

reasons adduced by national authorities to justify such interference are relevant and sufficient to a level at which it can be deemed proportionate to the legitimate aim pursued'.⁶³⁵ Put simply, whether a fair balance is achieved. States are afforded a margin of appreciation in determining where the fair balance should be struck, and the ECtHR has taken into consideration various factors when applying the two-fold test to the cases.

*Ashby Donald and Others v France*⁶³⁶ is one of those rare cases where the ECtHR had a chance to put copyright law into the balancing assessment with the right to freedom of expression. In justifying the criminal convictions under the French copyright law, the *necessary in a democratic society* test was carried out by weighing up types of information expressed against the rightsholders' interests. The Court pointed out that, firstly, the applicants' acts of publishing the photographs taken at a Paris fashion show on their website merely for commercial purposes manifestly constituted an unauthorised reproduction of the copyright-protected materials and amounted to copyright infringement.⁶³⁷ This suggests that there is a 'pressing social need' to prevent others from prejudicing the rightsholders' interests protected by copyright law. Secondly, in terms of the content, the ECtHR held that neither the photographs themselves nor the means by which they were disseminated could be understood to contribute to any debate of general interest, but was merely done for commercial gain.⁶³⁸ Otherwise, a margin of appreciation given to the state to allow copyright to interfere with freedom of expression would have been narrower.⁶³⁹ Therefore, considering the type of expression in this case, the reasons given by the national courts to justify the underlying interference were regarded as relevant and sufficiently proportionate to the legitimate aim. Accordingly, copyright outweighed freedom of expression.

*The Pirate Bay v Sweden*⁶⁴⁰ is another remarkable example where the

⁶³⁵ *The Observer and Guardian v UK* App no 13585/88 (ECtHR, 16 November 1991) para 59; *Sunday Times* (n 531) para 62; *Ashby Donald v France* (n 492) para 38.

⁶³⁶ *Ashby Donald and Others v France* (n 492).

⁶³⁷ Ibid. para 42.

⁶³⁸ Ibid. para 39.

⁶³⁹ Ibid. See para 39 in French texts.

⁶⁴⁰ *The Pirate Bay* (n 497); see Section 3.2.5.

necessary in a democratic society test was the determining factor in the ECtHR's decision. The Pirate Bay argued that, as an online database service, it simply provided a means for internet users to have access to a catalogue of digital torrent files, and that its service facilitated the wide dissemination of ideas and information and attracted the protection of Article 10 ECHR. It was the users who should be held responsible for the illegal use of copyright-protected materials through its service.

On application to the ECtHR, the Court had particular regard to the merit of the expressions at issue. It underlined that the protection provided by Article 10 ECHR to *The Pirate Bay's* online service did not reach the same level as that afforded to the expression contributing to the public debate, such as political expression.⁶⁴¹ It went on to consider the level of sufficiency and proportionality between the claimed legitimate purpose of protecting others' copyright interests, the copyright restrictive measures adopted, and the reasons used to justify such measures. The Court took into account that the national courts were required by national copyright law and A1P1 to protect the claimant's copyright interests and agreed with the national courts' finding that the service had intentionally accommodated and promoted unlawful file-sharing without any effort to bring it to an end. These reasons were relevant and sufficient to justify the copyright measures. Furthermore, 'the nature and severity of the penalties imposed are factors to be taken into account when assessing the proportionality of interference with freedom of expression guaranteed by Article 10'.⁶⁴² In this regard, the ECtHR noted that the applicants did not heed several warnings and requests to remove the torrent files in question. This was despite them being made aware that the materials used in their file-sharing service were copyright-protected. On this basis, the ECtHR decided that the interference in terms of sentence and the award of damages were not disproportionate to the legitimate aim pursued.⁶⁴³

Having examined two cases where the type of information in which the claim

⁶⁴¹ Ibid. 11.

⁶⁴² *The Pirate Bay* (n 497), citing *Cumpănă and Mazăre v Romania* App no 33348/96 ECtHR, 17 December 2004) 111.

⁶⁴³ Ibid., citing *Ashby Donald v France* (n 492) para 41.

of freedom of expression lies carries less weighty justification than the copyright rules, the focus now shifts to consider the opposite situation where the content goes beyond merely commercial, entertainment or curiosity-satisfying purposes. Such a situation may then have a significant effect on the outcome of the final test.

Contribution to a debate of general interest

In *Barthold v Germany*, a veterinary surgeon published an article that expressed his concern about ‘the need for a night veterinary service’.⁶⁴⁴ The German national courts found that the publication went beyond objective criticism and amounted to advertising aimed at ‘acquiring a commercial advantage over professional colleagues’.⁶⁴⁵ These were, according to German law, incompatible with the Rules of Professional Conduct and the Unfair Competition Act. Before the ECtHR, the applicant complained that the injunctions and fines imposed on him constituted a violation of his right to freedom of expression. While the ECtHR’s view concurred with the national courts that the interference in question was prescribed by law and pursued the legitimate aim of protecting the interests of other fellow veterinarians, the *necessary in a democratic society* test called for a more careful assessment regarding the published article’s value to society. The ECtHR recalled the general principles of pressing social need and proportionality to examine whether the interference at issue was necessary.⁶⁴⁶ It began the balancing assessment by having regard to the nature and substantive content of the article. The article raised the problem of the absence of a night-time veterinary service, but also contained an emergency service telephone number from which animal owners could receive the details of vets open during the weekend. As pointed out by the ECtHR, these elements quashed the arguments that the applicant ‘had intended to exploit the article for advertising purposes’.⁶⁴⁷ In fact, it was more likely that the publication was aimed at ‘informing the public about the situation obtaining in Hamburg, at a time when the enactment of new

⁶⁴⁴ *Barthold v Germany* (n 543) para 42.

⁶⁴⁵ *Ibid.* para 51.

⁶⁴⁶ *Ibid.* para 55, citing *Sunday Times v UK* (n 531) paras 59,62.

⁶⁴⁷ *Ibid.* paras 54, 58.

legislation on veterinary surgeons was under consideration'.⁶⁴⁸ The advertising benefit was secondary when the expression was capable of encouraging citizens to freely contribute 'to public debate on topics affecting the life of the community',⁶⁴⁹ and therefore, 'the injunctions complained of were not proportionate to the legitimate aim pursued and, accordingly, are not necessary in a democratic society for the protection of the rights of others'.⁶⁵⁰ In short, the merits of the content contributing to the public debate were decisive factors for the ECtHR to decide that the right to freedom of expression should prevail.

An elaborate consideration of the *necessary in a democratic society* test in contributing to a debate of general interest took place in *Hertel v Switzerland*.⁶⁵¹ This case also involved a clash between the right to freedom of expression and restrictions based on unfair competition laws. The published commercial article contained a report by a scientist who based his research on the hazardous effect of microwave ovens on public health. The Swiss national court ordered an injunction preventing further publication on the basis of the Swiss Unfair Competition Law to prevent further detriment to microwave oven manufacturers. The ECtHR held that it was not necessary in a democratic society to interfere with the duty of the press to impart information on matters of general interest to the public. Indeed, the ECtHR had particular regard to the fact that the publication went beyond a mere commercial purpose; rather, it formed a significant topic in which people, including researchers like the applicant, were enabled to participate in a debate about public health concerns. The detrimental effect on the public right to be well-informed to protect the commercial interests of a small group of manufacturers was substantial. Despite the interference being prescribed by law and pursuing a legitimate aim, it was not necessary in a democratic society because of the strong public interest in the expression. Evidently, the merits that particular expression makes towards public discussions play a significant role in the balancing exercise of Article 10 ECHR. Similarly, in *Steel and Morris v UK*⁶⁵² in which

⁶⁴⁸ *Barthold v Germany* (n 543) para 56.

⁶⁴⁹ *Ibid.* para 58.

⁶⁵⁰ *Ibid.* para 59.

⁶⁵¹ App no 25181/94 (ECtHR, 25 August 1998) para 46.

⁶⁵² App no 68416/01 (ECHR, 15 February 2005) paras 87, 94.

the expression at issue disclosed ‘very serious allegations on topics of general concern, such as abusive and immoral farming and employment practices [and] deforestation against McDonalds’, the ECtHR held that expressions regarding such matters of public interest require a higher level of protection than that required for protecting commercial institutions’ reputations.

The importance of such contributions to a public debate can also be seen in cases concerning the conflict between the right to privacy and the right to freedom of expression. In *Von Hannover v Germany* and *Axel Springer v Germany*,⁶⁵³ not only do they contribute to certain criteria used in the balancing exercise between Articles 8 and 10 ECHR,⁶⁵⁴ the distinction between matters of public curiosity and those of public interest are also clearly made in these cases. In *Von Hannover v Germany (No 2)*,⁶⁵⁵ Princess Caroline von Hannover made a privacy claim against the unauthorised publication of private photographs taken during royal family members’ skiing holiday. The ECtHR pointed out that such photographs were accompanied by an article which discussed the health problems of Prince Rainier III. Accordingly, the published photographs and article went beyond a mere desire to satisfy or entertain public curiosity in knowing what the royal family did in private; rather, ‘the subject qualified as an event of contemporary society’, and the publication ‘did contribute, at least to some degree, to a debate of general interest’.⁶⁵⁶

On the same day, the judgment in *Axel Springer v Germany*⁶⁵⁷ was also handed down. The applicant, the owner of a German daily newspaper, had published an article reporting the arrest and conviction of a famous TV star for a drug-related offence. At the outset, the ECtHR held that informing the public about the rumoured marital or financial difficulties or daily private life of public figures generally did not serve anything more than feeding public curiosity.⁶⁵⁸

⁶⁵³ *Von Hannover v Germany (No 1)* App no 59320/00 (ECtHR, 24 June 2004); *Von Hannover v Germany (No 2)* (n 500); *Axel Springer AG v Germany (No 1)* (n 500); *Axel Springer AG v Germany (No 2)* App no 48311/10 (ECtHR, 10 July 2014).

⁶⁵⁴ *Axel Springer AG v Germany (No 1)* (n 500) paras 89-95; *Von Hannover v Germany (No 2)* (n 500) paras 109-113.

⁶⁵⁵ *Von Hannover v Germany (No 2)* (n 500).

⁶⁵⁶ *Ibid.* paras 117, 118.

⁶⁵⁷ *Axel Springer v Germany (No 1)* (n 500).

⁶⁵⁸ *Ibid.* para 90.

However, such a proposition did not apply to the article at issue, which sought to inform the public about the judicial facts of a set of criminal proceedings. This was particularly true when the person to whom the report referred was perceived by most of his teenage admirers to be a well-behaved role model.⁶⁵⁹ The debate of public interest resulting from the published article was thus one of the decisive factors that assured the ECtHR to hold that the national restrictive measure was not of such a nature that introduced ‘a reasonable relationship of proportionality’ to the legitimate aim it pursued.

So far, the case law considered suggests that the extent to which the exercise of freedom of expression can contribute to a debate of general interest plays a significant role in the necessary in a democratic society test. This is an increasingly important and prevailing aspect of freedom of expression that copyright law, as one of interferences with freedom of expression, has to take into account in its L&Es regime.

3.3.3.2 Protection of journalism

Journalism is routinely engaged in the exercise of freedom of expression. This is particularly evident when the information, opinions and ideas at issue are expressed to the public through newspapers, magazines and so on.⁶⁶⁰ In the course of journalistic activities, journalists may sometimes have to engage in particular expressions that are protected by copyright. This may create tension between freedom of expression and copyright. In Article 10(1) ECHR, the means of communication is one of the criteria that has an effect on the balancing exercise carried out in Article 10(2) ECHR – i.e. what interferences will be tolerated. Therefore, it is worth exploring further to what extent the ECtHR recognises the importance of journalism in relation to its contribution to public debate as a way to promote freedom of expression in a democratic society, and the degree to which interference with such journalistic freedom, such as copyright, are to be tolerated in Article 10(2) consideration.

⁶⁵⁹ Ibid. paras 96, 98.

⁶⁶⁰ See *Barthold v Germany* (n 543); *Hertel v Switzerland* (n 544); *Axel Springer v Germany (No 1)* (500); *Von Hannover v Germany (No 2)* (n 500).

Stoll v Switzerland

The ECtHR had an opportunity to rule on the principle of journalistic freedom in *Stoll v Switzerland*.⁶⁶¹ The case concerned a clash between Article 10 ECHR, which guarantees the journalist's freedom in reporting a confidential diplomatic memorandum, and Article 293 of the Swiss Criminal Code, which imposes criminal sanctions for 'publication of secret official deliberations'.⁶⁶² Despite the final ruling in favour of the latter ground,⁶⁶³ the ECtHR 'shares the view of the Chamber that the information contained in the [document in question] concerned matters of public interest',⁶⁶⁴ thereby, it acknowledged that journalists had an important duty to disclose the matter at issue.⁶⁶⁵ It also confirmed that such practice was protected by Article 10, which not only affords the journalists the right to receive and seek, but also the right to have access to documents relating to acts or omissions of national authorities affecting the public interest. Therefore, any national measures attempting to suppress such journalistic activity should be subject to close scrutiny. By analogy, this would also be applicable to circumstances where such journalistic freedom is interfered with by measures imposed by copyright law, which seeks to protect the author's interests in preventing journalists from freely using protected materials without permission. As indicated earlier, whether the interference posed by copyright measures will be allowed to interfere with freedom of expression is assessed under Article 10(2), but in such a case particular emphasis is placed on journalistic activities concerning matters of public interest.⁶⁶⁶

Axel Springer AG v Germany (No 2)⁶⁶⁷

A former German politician had sought an injunction based on a national privacy law against the publication disclosing his allegedly corrupt behaviour.

⁶⁶¹ App no 69698/01 (ECtHR, 25 April 2006).

⁶⁶² Ibid. paras 35, 45, 49, 51.

⁶⁶³ Ibid. para 162.

⁶⁶⁴ Ibid. para 118.

⁶⁶⁵ Ibid. paras 49, 118, 124.

⁶⁶⁶ See also *Voskuil v Netherlands* App no 64752/01 (ECtHR, 22 November 2007) para 65. The ECtHR also recalled that the highest standard of the press freedom was justified by the right of public to be properly informed about matters of public interest. Therefore, any interferences with such freedom must steer clear of causing the potentially chilling effect to such freedom.

⁶⁶⁷ *Axel Springer AG v Germany (No 2)* (n 653).

In particular, the published article criticised the link between his previous political role as Federal Chancellor and the benefits offered to him as a chairman in the German-Russian organisation responsible for the pipeline construction from Russia to Western Europe. The ECtHR found that the national courts had failed, among other things, to consider the prevailing public interest character of the messages conveyed by such an article when granting the injunction.⁶⁶⁸ The national courts also failed to pay particular attention to the contribution of journalists in reporting such a matter, which was capable of generating a political debate about whether or not the former Chancellor had exploited his high political position to the benefit of himself and the consortium.⁶⁶⁹ In this respect, it can be understood that not only the content, but the merit of journalistic activities also had a significant effect on the decision in favour of the right to freedom of expression.⁶⁷⁰ Therefore, to deprive journalists of the right to exercise this freedom would seriously undermine the public right to receive information affecting their collective interests. A similar scenario would occur even when the politician sought to stop the publication at issue by having recourse to copyright injunctive relief.

Oberschlick v Austria (No 2)⁶⁷¹

Herr Oberschlick was the editor of a political magazine. He published insulting comments on a political speech delivered by Herr Haider, the leader of an Austrian far-right party. As far as the content of the comments was concerned, the word ‘idiot’ was regarded by the national court as disparaging and only used for subjective criticism; therefore, the publication of these comments was found to be defamation under the Austrian Criminal Code. The ECtHR held that the context in which the underlying statements were communicated suggested that the speech at issue could be deemed objective, political and expected to be provocative and instigating strong criticism.⁶⁷² It further held that the right to freedom of expression not only protects the contents of ideas

⁶⁶⁸ Ibid. para 58.

⁶⁶⁹ UK Human Rights Blog, ‘Axel Springer and Von Hannover: Grand Chamber victory for media’ (2012) <<http://ukhumanrightsblog.com/2012/02/07/axel-springer-and-von-hannover-grand-chamber-victory-for-media/>> accessed 11 June 2015.

⁶⁷⁰ *Axel Springer AG v Germany (No 2)* (n 653) paras 58, 69.

⁶⁷¹ *Oberschlick v Austria (No 2)* (n 513).

⁶⁷² Ibid. paras 31-33.

and information, but also the means by which they are imparted. This latter aspect of protection provides the applicant with journalistic freedom to inform the public about political matters in their interests, albeit being ‘considered polemical’.⁶⁷³

This judgment suggests that the level at which the conveyed information presents a degree of legitimate public concern helps determine how much protection is afforded to the press in performing its journalistic role and absolving itself from criminal or civil liabilities imposed by national laws.⁶⁷⁴ Even when the subject-matter in this case was copyright protected and substantially reproduced and published by the editor for commentary purposes, such journalistic publication that contributes to a public debate and promotes freedom of expression would be weighed heavier than copyright reasons in the *necessary in a democratic society* test.

Summary

The case law considered above has attempted to show the close relationship between freedom of expression and journalism. It has illustrated how the ECtHR has reflected its views towards the contribution made by the journalism in guarding the values and effectiveness of freedom of expression. This contribution is an important element of the *necessary in a democratic society* test in the sense that it weighs heavily in favour of freedom of expression. This is particularly relevant to copyright when freedom of expression is exercised by journalists who wish to publish copyright materials that contribute to the public debate, such as a written political memorandum containing secret negotiation between two political parties’ leaders.⁶⁷⁵ In such respect, the ECtHR may apply the balancing exercise to the competing interests in a way that is more likely to uphold freedom of expression for the sake of the public interest, despite copyright infringement. Copyright law may have to be more tolerant of the exercise of journalistic freedom in a democratic society.

⁶⁷³ Ibid. para 33.

⁶⁷⁴ See also *Kaperzyński v Poland* App no 43206/07 (ECtHR, 3 April 2012) para 70, in which the ECtHR reminded itself to ‘exercise its review with caution when the measures taken, or sanctions imposed by the national authorities are to dissuade the press from taking part in a discussion of matters of legitimate public concerns’.

⁶⁷⁵ Consider the subject-matter in *Ashdown v Telegraph* (n 402).

The increased freedom people have in terms of varied methods of communication leads to a gradual expansion of what falls within the meaning of journalistic activities. The internet has become one of the means of exercising freedom of expression through online communications,⁶⁷⁶ and this means that the function of journalism is no longer limited to only traditional media or professional journalists.⁶⁷⁷ Journalistic activities can now be carried out by much broader scale of actors such as online media, bloggers, social networkers, ISPs and search engines.⁶⁷⁸ It is this kind of development that enlarges the area of intersection between freedom of expression and copyright, and drives the ECtHR more towards to giving special attention to the concept of investigative journalism under the purview of Article 10 ECHR.⁶⁷⁹ This concept is evidently reflected by some additional protection afforded to the journalists in the form of principles established through the ECtHR case law.⁶⁸⁰

3.3.3.3 Establishing the principles of journalistic freedom for a more transparent democratic society – conferring some privileges to the guardian of the right to freedom of expression

Right to access state-held information

Despite an absence of explicit recognition of the right to access official documents in the ECHR, this right has been held to be an inherent part of the right to freedom of expression.⁶⁸¹ It is understood to stem from the ECtHR's acceptance that the ECHR imposes both negative and positive obligations on states to respect and protect Convention rights, such as the right to freedom of expression and, in particular, journalistic freedom.⁶⁸² The ECtHR has held that states are not only obliged not to interfere with individuals' right to receive

⁶⁷⁶ Philip Leach, 'The Principles which can be drawn from the case-law of the European Court of Human Rights relating to the protection and safety of journalists and journalism' (2012)12 MCM 14.

⁶⁷⁷ *TASZ v Hungary* App no 37374/05 (ECtHR, 14 April 2009) para 27.

⁶⁷⁸ HRC General Comment No 34 (n 321) paras 43,44. See also *Ahmet Yildirim v Turkey* App no 31111/10 (ECtHR, 18 December 2012); Leach (n 676) para 15.

⁶⁷⁹ Leach (n 676) para 37.

⁶⁸⁰ Human Rights Council, Report of the Special Rapporteur on extrajudicial, summary or arbitrary executions, Christof Heyns, 10 April 2012, A/HRC/20/22, para 24; Delmas-Marty (n 510) 63. See also Eric Barendt, *Freedom of Speech* (2nd edn, OUP 2007) 427-38.

⁶⁸¹ *Leander v Sweden* App no 9248/81 (ECtHR, 26 March 1987) para 74.

⁶⁸² Jean-Francois Akandji-Kombe, *Positive Obligations under the European Convention on Human Rights* (Human Rights Handbook No 7, 2007, Council of Europe) 5, 6, 50.

information from the media or journalists,⁶⁸³ but also have a positive obligation in certain circumstances to protect such rights from unwarranted interference.⁶⁸⁴ This requires them to form an environment ‘which allows full participation in open debates, enabling everyone to express their opinions and ideas, though shocking or offending, without fears’.⁶⁸⁵

The ECtHR embarked on the realisation of the significance of the right to access state-held information in the context of information gathering by investigative journalists in *Dammann v Switzerland*.⁶⁸⁶ The case concerned the conviction of a journalist who acquired secret official documents about the prosecution of drug-related offences in a Zurich post office robbery case.⁶⁸⁷ Although the documents obtained were not published, the national authority found this pre-publication activity in violation of the domestic law aimed at protecting official secrets.⁶⁸⁸ In finding that the fines imposed constituted an unjustified interference with freedom of expression, the ECtHR placed particular concern to the conviction restricting the journalist from accessing official information. It acknowledged that the conviction may have constituted censorship and discouraged him from conducting research as a preparatory step towards performing a public watchdog role. Also, ‘having regard to the interest of a democratic society in ensuring and maintaining the freedom of the press’,⁶⁸⁹ the ECtHR asserted that ‘the conviction was likely to deter journalists from contributing to public discussion of issues affecting the life of the community’.⁶⁹⁰ As such, it was disproportionate to the legitimate aim pursued, namely the prevention of the disclosure of information received in confidence.⁶⁹¹ As is clearly demonstrated, the guaranteed right to access information goes hand-in-hand with the journalistic practices of information gathering and preparatory research. This aspect of press freedom has a

⁶⁸³ *Leander v Sweden* (n 681) para 74.

⁶⁸⁴ *Dink v Turkey* App no 2668/07,6102/08,30079/08,7072/09&7124/09 (ECtHR, 14 September 2010) para 137.

⁶⁸⁵ *Ibid.*

⁶⁸⁶ *Dammann v Switzerland* App no 77551/01 (ECtHR, 25 April 2006).

⁶⁸⁷ *Ibid.* para 52.

⁶⁸⁸ *Ibid.* para 57.

⁶⁸⁹ *Ibid.*

⁶⁹⁰ *Ibid.*

⁶⁹¹ *Ibid.*

significant influence on the consideration of Article 10(2).

Another key judgment with an explicit guarantee of the right to access state-held information was delivered in *TASZ v Hungary*.⁶⁹² Subsequent to realising that a Hungarian MP and others had submitted a complaint to the Constitutional Court for an abstract review of modifications on drug-related law, the HCLU (an NGO) applied to the domestic court for a copy of the complaint. The request was rejected as doing so would breach others' right to privacy given the personal data contained therein. In its application to the ECtHR, the applicant claimed that its right to access information on matters of public importance had been violated. The ECtHR held that, firstly, similar journalistic protection was afforded to the HCLU insofar as it contributed to the watchdog function in creating forums for public debate.⁶⁹³ It went on to acknowledge that the national court's order to hinder access to the state-held document of public interest would amount to a serious press censorship and 'discourage those working in the media from pursuing such matters'.⁶⁹⁴ Therefore it could not be 'regarded as having been necessary in a democratic society'; rather, the order constituted a disproportionate interference with the public freedom to receive such information as guaranteed by Article 10 ECHR.⁶⁹⁵ Thus, despite a lack of explicit safeguards in ECHR, access to official documents has been incrementally recognised as a right within Article 10 by the ECtHR.⁶⁹⁶

In the judgment on 8th November 2016 in *Magyar Helsinki Bizottság v Hungary*,⁶⁹⁷ the Grand Chamber confirmed that Article 10 ECHR includes a right of access to official information and that a refusal by a Contracting Party to grant such right in certain circumstances constitutes a violation of the

⁶⁹² *TASZ v Hungary* (n 677).

⁶⁹³ *Ibid.* para 26.

⁶⁹⁴ *Ibid.* Para 38.

⁶⁹⁵ *Ibid.* paras 36, 39.

⁶⁹⁶ See also *Youth Initiative for Human Rights v Serbia* App no 48135/06 (ECtHR, 25 June 2013); *Österreichische Vereinigung zur Erhaltung, Stärkung und Schaffung Eines Wirtschaftlich Gesunden Land - und Forstwirtschaftlichen Grundbesitzes v Austria* App no 39534/07 (ECtHR, 28 November 2013) .

⁶⁹⁷ App no 18030/11 (ECtHR, 8 November 2016).

Article.⁶⁹⁸ The applicant Magyar Helsinki Bizottság (MHB) is a non-governmental watchdog, which monitors human rights practices in the Hungarian criminal justice system. Having observed problems concerning how legal aid defence counsel were appointed by the police departments, MHB made requests to several police departments, seeking to obtain information regarding the names of the appointed public defenders and all cases assigned to them in 2008. After its requests were refused by domestic courts on the ground of personal data, MHB made an application to the ECtHR, complaining that such denial of access to the data at issue violated its freedom of expression, particularly its right to seek information held by public authorities protected within Article 10 ECHR.⁶⁹⁹

In justifying the existence of the right of access to state-held information within the ambit of Article 10, the Grand Chamber adduced that there had been a gradual clarification by the ECtHR as well as a broad consensus among Council of Europe member states regarding the recognition that Article 10 could be interpreted to imply such a right.⁷⁰⁰ Also, regardless of intentional omission of ‘the right to seek information’ from the final draft of Article 10,⁷⁰¹ the Grand Chamber observed that all the ECHR’s Contracting Parties had ratified ICCPR, which explicitly contains the right to seek information in its Article 19. Together with the UN bodies’ confirmation,⁷⁰² the Grand Chamber was satisfied with the proposition that there existed a widespread acceptance

⁶⁹⁸ Ibid. 148-149. See also Alastair Mowbray, ‘European Court of Human Rights: May 2016–April 2017’ (2017) 23 (4) *European Public Law* 665, 680-688; Bernadette Rainey and others, *The European Convention of Human Rights* (7th edn, OUP 2017) 506.

⁶⁹⁹ *MHB v Hungary* (n 697) para 86. See also para 87, in which the applicant also referred to Article 19 ICCPR and General Comment No 34 (n 321) as confirming a widespread acceptance of the right to seek information as an essential part of free expression.

⁷⁰⁰ Ibid. paras 127, 139.

⁷⁰¹ Compare Article 19 ICCPR and Article 10 ECHR, where the right to seek information is omitted in the latter provision. See *MHB v Hungary* (n 697) Dissenting opinion of Judge Spano (joined by Judge Kjolbro) paras 9, 14, 33 and also Mowbray (n 698) 688, where it is argued that it was a deliberation of the drafters not to include such right into the final drafting of Article 10 ECHR because the Article, read in light of Article 31 VCLT and the principle of good faith, is only intended to impose a negative obligation for member states not to interfere, not a positive one to disclose information held by state officials. Furthermore, the separate adoption of the Council of Europe Convention on Access to Official Documents (2009) with a low rate of ratification has indicated not only the reluctance of states to regard the right to seek as inclusive in Article 10 ECHR, but more importantly, their unwillingness to be bound by this international disclosure obligation.

⁷⁰² *MHB v Hungary* (n 699) para 143.

that the right to have access to state-held information is corollary to the public's right to receive information about public interest issues and, therefore, is inherent in freedom of expression.⁷⁰³

Nevertheless, it was elaborated in the judgment that a right of access to state-held information and the corresponding obligation on states to impart such information may arise in certain circumstances – where there is a court disclosure order or where ‘access to the information is instrumental for the individual’s exercise of his or her right to freedom of expression’.⁷⁰⁴ It was further clarified that the following four criteria are relevant for allowing the right of access to state-held information.⁷⁰⁵

- the purpose of the information request: journalistic activities contributing to public debate;
- the nature of the information sought: public-interest test;
- the role of the applicant: those performing the public watchdog role, including journalists, NGOs, academics, bloggers and social media users;⁷⁰⁶
- whether the requested information is ready and available to the public authorities.⁷⁰⁷

Having applied those criteria to the present case,⁷⁰⁸ the Grand Chamber found that the denial of access to the requested official data constituted a violation of Article 10 ECHR. Dissenting opinions to date may imply that certain problems still need to be clearly addressed if access to State-held information is to be unanimously recognised as a right within the scope of the right to freedom of

⁷⁰³ Ibid. See also Dissenting Opinion of Judge Spano para 29, finding it unacceptable that the majority of the judges in the present case had overruled the established jurisprudence of the highest Strasbourg judicial bodies, in which it was previously held that a right to access to official information was excluded from Article 10(1) ECHR, see *Leander v Sweden* (n 681); *Gaskin v UK* App no 10454/83 (ECtHR, 7 July 1989); *Rainey and others* (n 698) 506; *Mowbray* (n 698) 688.

⁷⁰⁴ *MHB v Hungary* (n 699) para 156.

⁷⁰⁵ Ibid. paras 157-170.

⁷⁰⁶ See *MHB v Hungary* (n 699) Dissenting Opinion of Judge Spano paras 44-45, criticising why the right was so limited that it was only granted to those performing a public watchdog role, not to those wishing to enhance their individual self-fulfilment.

⁷⁰⁷ Ibid. para 42, envisaging difficulties for the ECtHR in having to create autonomous Convention concepts of what constitutes, *inter alia*, ‘public authority’ or ‘official document’ in the future.

⁷⁰⁸ *MHB v Hungary* (n 699) paras 171-179.

expression. However, the ECtHR has already explicitly confirmed that such access claimed in the context of journalistic purpose in relation to disclosure of matters of public interest is permitted as a right contained in Article 10 ECHR.

In light of the above judgments, it can be concluded that the ECtHR has provided strong justification to the right of access to state-held information, particularly in the context of journalistic activity. Copyright can be brought into the freedom of expression discussion where the state might have recourse to copyright injunctive measures to prevent the press from having access to confidential documents, given that the law of confidence does not yield satisfying outcomes. This might be the situation in which the information at issue has already been leaked to the public and so is no longer confidential. An injunction based on law of confidence is less likely to be granted, but the inapplicability of the law of confidence does not preclude the state from adopting copyright injunctions to restrict the press from dealing with a given set of information. Copyright infringement will be realised if the journalistic activity at issue involves unauthorised reproduction of the original document in substantial part. Accordingly, when a particular case involves this aspect of journalistic freedom, the ECtHR may be driven more to conducting the balancing exercise in Article 10(2) ECHR in a way that requires more substantial grounds for copyright to interfere with this aspect of journalistic freedom because such freedom is a prerequisite to the public right to receive information of public interest.

Protection of journalistic sources

As far as journalistic sources are concerned, there may occur a situation where the sources from which the information is supplied are not necessarily guaranteed confidentiality. This may be a disincentive to the sources and may subsequently affect the exercise of freedom of expression. This is the principal rationale for this ancillary right being recognised in the ECtHR jurisprudence as an inherent part of journalistic freedom. In principle, any restriction to this right calls for strict scrutiny in the Article 10(2) consideration.⁷⁰⁹ This was first

⁷⁰⁹ Leach (n 676) para 51; Vochoof (n 494) 11.

articulated in *Goodwin v UK*⁷¹⁰ in which the ECtHR proclaimed that the protection of journalistic sources is a fundamental element of press freedom. Unless outweighed by an overriding public interest, compelling the press to reveal their sources would seriously harm their vital role of promoting the free flow of information in a democratic society.⁷¹¹ The ECtHR in a later judgment laid down the principle that, although the legality of the sources' conduct in receipt of the underlying information could be taken into account in the balancing exercise, it could not be the decisive factor justifying an order to disclose journalistic sources.⁷¹² Despite the lack of explicit guarantee in the ECHR, the case law suggests that the right of journalists to protect their sources serves as a prerequisite for their freedom to receive and impart information and ideas. Without this right, the ability to satisfy the public with trustworthy and factual information on matters of public interest may be undesirably compromised.⁷¹³

In the context of copyright infringement, there may be circumstances where a journalist acquires copies of documents from an anonymous source. The documents may, for example, demonstrate the budget of the police department during the management of a police chief who was allegedly involved in corruption. The owner of such documents may resort to copyright law⁷¹⁴ to support a request that the journalist discloses his source for the purpose of finding and sanctioning the real copyright infringer. Such disclosure would be an interference with the right to freedom of expression as it would hinder the way journalists are supplied with information regarding matters of public interest, and anonymous sources would be discouraged from assisting the press for fear of the civil or criminal penalties available in copyright law. Therefore, interference with freedom of expression in relation to disclosure of journalistic sources must be subject to a stricter Article 10(2) ECHR scrutiny.

⁷¹⁰ *Christine Goodwin v UK* App no 28957/95 (ECtHR, 11 July 2002).

⁷¹¹ *Ibid.* para 39.

⁷¹² *Tillack v Belgium* App no 20477/05 (ECtHR, 27 November 2007) para 65.

⁷¹³ *Financial Times Ltd and others v UK* App no 821/03 (ECtHR, 1 December 2009) para 63.

⁷¹⁴ See, for example, the English Copyright Law-CDPA s 96, which allows the rightsholder to, seek injunctive reliefs so as to prevent infringements or to constitute a deterrent to further infringements.

Right to criticise: widening or undermining the scope of freedom of expression

Although the right to criticise is one of the most disputable manifestation of freedom of expression protection,⁷¹⁵ it is an important aspect inherent in journalistic freedom. This is because of its contribution to ensuring an adequate degree of broadmindedness and tolerance necessary for a democratic society. The concept of the right to criticise is believed to have developed from the realisation that journalists are sometimes required to seek to communicate to the public in rather critical, exaggerated or provoking ways to arouse public concern.⁷¹⁶ However, such practice is still under the condition that they do not go beyond the parameters of Article 10(2) ECHR.⁷¹⁷

A sample scenario is a confrontation between public figures claiming their right to private life, and the media invoking their right to freedom of expression. Copyright claims seem peripheral in such an incident unless the affected figures sometimes have recourse to copyright law to fortify their complaints and justify their request for an injunctive order, given that such private information appears to qualify for copyright protection. A privately taken photograph that reveals that a role-model football player is having an affair with his teammate's wife may well be an illustrative example of such a situation. In addition to the privacy claim, the footballer may also seek copyright injunctive relief to prevent the media from reproducing or publishing the photograph with some critical text. The right to impart information becomes weightier in the balancing exercise in Article 10(2) ECHR when it is associated with a public debate of general interest. The question then arises to what extent the enjoyment of the journalists' right to criticise against other competing rules can be deemed proportionate. The contents of information and the social status of the parties being criticised are influential factors in the context of the privacy right.

⁷¹⁵ Paul Wragg, 'A Freedom to Criticise? Evaluating the Public Interest in Celebrity Gossip after Mosley and Terry' (2010) 2(2) *Journal of Media Law* 295-320; Javier Garcia Roca and Pablo Santolaya (eds), 'Europe of Rights: A Compendium on the European Convention of Human Rights' (Martinus Nijhoff 2012) 381.

⁷¹⁶ *Oberschlick v Austria (No 2)* (n 513) para 9.

⁷¹⁷ *Prager and Oberschlick v Austria* App no 15974/90 (ECtHR, 26 April 1995).

With respect to the contents, the distinction between matters of public interest and those of public curiosity were first highlighted in *Von Hannover v Germany*.⁷¹⁸ The case relates to unauthorised publication of photographs and articles showing Princess Caroline doing going about her daily activities with her children in a public place.⁷¹⁹ The ECtHR first submitted that the princess was indisputably a public figure who could be expected to be more tolerant of being captured in public places and of any photographs and criticism that come after such an appearance. However, it later held that the freedom to impart such private photographs was not protected by Article 10 ECHR to any greater extent than that protecting expression which merely satisfied public curiosity.⁷²⁰ In other words, the subject-matter did not contribute to the public debate of general interest; therefore, the freedom to criticise should not outweigh the right to privacy enshrined in Article 8 ECHR.⁷²¹

In *Axel Springer AG (No 1) v Germany*,⁷²² the ECtHR had particular concern for the detrimental effect of misleading behaviour by a famous TV star on the public perception.⁷²³ In the German courts, the actor succeeded in claiming his right to privacy and obtained court orders to prevent further publication of the articles. The applicant publisher contended before the ECtHR that such measures were a disproportionate interference with its right to freedom of expression. The ECtHR found that the national court was mistaken in stating that there was no particular public interest in being informed about this minor offence. In fact, when weighing Article 10 ECHR against Article 8 ECHR, six factors are set out to be considered when the balancing exercise takes place: the contribution made by the information conveyed; where the person concerned stands in society; prior conduct of the person concerned; the method of obtaining the information and its veracity, content, form; the consequences of the publication; and the severity of the sanction imposed.⁷²⁴

⁷¹⁸ *Von Hannover v Germany (No 1)* (n 653).

⁷¹⁹ *Ibid.*

⁷²⁰ *Ibid.* para 76.

⁷²¹ See also *Mosley v UK* App no 48009/08 (ECtHR, 10 May 2011) with a similar judgment.

⁷²² *Axel Springer AG v Germany (No 1)* (n 500).

⁷²³ *Ibid.*

⁷²⁴ *Ibid.* paras 90-91.

The first two criteria are primarily of relevance here. As regards the first, the ECtHR accepted that the public has always had interest in being informed about criminal litigation whilst strictly observing the presumption of innocence; ‘the articles in question could then be considered to present a degree of general interest’.⁷²⁵ As for the second factor, the ECtHR had particular regard to his prominent role as a senior police officer. This role had enabled him to be widely recognised both on TV and in person as a law-enforcement official. The public interest in being informed about the offences prevailed when his law-breaking behaviour was at odds with the role he played in the TV series. The public, especially young boys who might have held him as a role model, had the right not to be misled by the differences between his behaviour in private life and that shown on the TV.⁷²⁶ Therefore, the ECtHR confirmed that it was partially the role of a public watchdog to exercise its investigative freedom guaranteed by Article 10, which, in this case, prevailed over the actor’s right to private life. Although the phrase ‘right to criticise’ was not mentioned in the judgment, its existence can be inferred from the ECtHR’s guarantee of the ability of journalists to investigate and be critical of matters affecting public interest in the context of journalistic freedom. This practice is most likely manifest in the scenario where freedom of expression intersects the right to privacy, and the six factors listed above provide the overall context within which the balancing exercise between Articles 8 and 10 is conducted.

It would be particularly interesting should private materials, such as those at issue in the cases above, namely daily-life photographs or judicial documents, also qualify for copyright protection.⁷²⁷ In such a scenario, unauthorised acquisition and reproduction of such materials by journalists in a way that violates copyright law will allow copyright owners to be entitled to available remedies. These will subsequently be imposed against the journalists’ freedom

⁷²⁵ Ibid. para 96.

⁷²⁶ Ibid. paras 97, 98. See *Terry (previously LNS) v Persons Unknown* [2010] EWHC 119 (QB), where the English court ruled that the extramarital affairs of a famous footballer who was recognised as a role model for many young boys were regarded as matters of public interest. There existed in this case the public’s right not to be misled by public figures. See also *Campbell v MGN Ltd* (2004) 2 All ER 995.

⁷²⁷ See Howard Abrams, ‘Originality and Creativity in Copyright Law’ (1992) 55(2) 4, 16 for the consideration of copyright thresholds.

to criticise, constituting interference with their right to freedom of expression. However, unless there is an overriding justification on the copyright side, the merits of the content and the contribution made by the way in which journalists criticise particular matters are still weighty factors in the balancing exercise.

Online media – an emerging popular means of exercising freedom of expression

In addition to the mainstream approach of disseminating information through conventional journalism and media, it is undeniable that online platforms and knowledge-sharing activities have become important arenas in which the right to freedom of expression can be effectively exercised. However, this open and easily accessible means of communication has also widened the area in which the right to freedom of expression intersects with other competing rights. In light of the ECtHR jurisprudence,⁷²⁸ copyright is essentially one of the most controversial legal dimensions that constitutes interference with the public right to freedom of expression. This concern has become more contentious in the digital world where having access to online file-sharing and image search services provided by intermediaries is widespread.⁷²⁹ As a counterbalance to such growing online activities, copyright law has seen continuous legislative attempts to keep pace with technological advances by expanding the scope of protection to online materials and enforcement measures, such as anti-circumvention rules. The following consideration will help clarify where the ECtHR's jurisprudence stands in the digital world.

The right of individuals to access internet and the parallel right to impart information in the online sphere were recognised in *Ahmet Yildirim v Turkey*.⁷³⁰ The case concerned an order from a Turkish criminal court to block access to the entire Google website. The order was aimed at restraining further access to one particular Google-hosted website, which contained offensive contents about the founder of the Turkish Republic. The applicant, whose academic website was also hosted by Google, contended that his right to access and impart information on the internet was adversely affected by this measure.

⁷²⁸ See *Ashby Donald v France* (n 492); *The Pirate Bay* (n 497).

⁷²⁹ Ibid.

⁷³⁰ *Ahmet Yildirim v Turkey* (n 678).

The ECtHR found that the Turkish court had failed to consider the fact that ‘such wholesale blocking would render large amount of online information inaccessible’⁷³¹ and so directly undermined the right of individuals as internet users to exercise their right to freedom of expression in receiving information and knowledge. It would also negatively affect the collateral right of Google to share such information with the public online. When weighing up the interests at stake, the interference with freedom of expression was found to be unnecessary and disproportionate.

It is worth considering *Ahmet Yildirim v Turkey* in the context of copyright law under the circumstance where online activities carried out by a search engine, such as Google, are increasingly subject to copyright infringement claims. This is usually as a result of its image search service, which displays thumbnails of copyright-protected images following public requests, but without authorisation.⁷³² A copyright advocate would argue that as the search results of picture thumbnails display do not create anything original, but merely reproduce others’ creative works and so infringe copyright.⁷³³ This reasoning also applies to cases where the online dissemination of the photographs or electronic files is made purely for profit-making or entertainment purposes.

In exceptional circumstances where the expression is not merely commercially-driven, but more inclined to benefit the wider public, greater account should be taken of the fact that it is difficult for a photograph-based search service to separate information from the form in which it was originally expressed.⁷³⁴ The process of making thumbnails in response to a user’s search requests is indiscriminate,⁷³⁵ and the merits of these user-friendly activities in promoting the right of online users to freedom of expression should also be recognised.

⁷³¹ Ibid. para 66.

⁷³² See, for example, *Perfect 10 Inc v Google Inc and Amazon.com Inc* (9th Cir 2007) 508 F3d 1146.

⁷³³ See cases 308 O42/06 and 308 O248/07, Hamburg Regional Court reported in <http://www.bloomberg.com/apps/news?pid=newsarchive&sid=a_C1wVkCvPww&refer=technology> accessed 12 August 2015.

⁷³⁴ Eric Barendt, ‘Copyright and Free Speech Theory’ in J Griffiths and U Suthersanen (eds), *Copyright and Free Speech* (OUP, Oxford, 2005). The application of idea/expression principle, which conventionally disengages copyright from unduly conflicting with Freedom of expression, is deemed absent in photographs.

⁷³⁵ In the US courts’ viewpoint, this picture thumbnail activity is regarded as ‘highly transformative uses’ of copyright works. See *Perfect 10 v Google* (n 732).

The image search service might be beneficial to copyright owners when it links internet users with the websites on which the original materials can be found, and in this light Google can be seen as ‘friendly’ to copyright owners because it promotes the owners’ commercial interests. Accordingly, copyright law should be tolerant of such practices in cases involving the exercise of freedom of expression through online platforms.

In short, the internet is nowadays an increasingly potential means of communication. Online activities such as those provided by search engines are an essential element of the internet’s promise to the free flow and open access to information and ideas. Considering such merits towards public users, the ECtHR must ensure that in light of online communication any copyright interferences with freedom of expression are required to present convincingly strong justifications in order for a fair balance to be achieved.

Conditions and responsibilities of public watchdogs in a democratic society

Article 10 ECHR protection broadly encompasses both traditional and online journalistic activities to the extent that it protects both the content and style of communication.⁷³⁶ To effectively fulfil the role of public watchdog, journalists are allowed to resort to ‘a degree of exaggeration and provocation’ without an obligation to prove the truthfulness of their remarks.⁷³⁷ Regarding styles of communication, they are also permitted in some certain circumstances to impart information to the public in a way that may frustrate other legal rules, including copyright.

However, it is by no means the purpose of Article 10 ECHR to leave journalistic freedom unregulated; journalists should not overstep certain limits and breach the rights and reputations of others with purposes that are devoid of public interest⁷³⁸ and the ECtHR has been vigilant in recognising that Article 10 ECHR confers not only freedoms, but also responsibilities, on journalists.

⁷³⁶ *Tuşalp v Turkey* App no 32131/08 (ECtHR, 21 February 2012) para 48.

⁷³⁷ *Prager and Oberschlick v Austria* (n 717) para 38.

⁷³⁸ See, for example, *De Diego Nafria v Spain* App no 46833/99 (ECtHR, 14 March 2002) para 37; *Karatas v Turkey* App no 23168/94 (ECtHR, 8 July 1999).

While ‘exercising rights to divulge information on issues of general interest and to decide whether or not it is necessary to reproduce such documents to ensure credibility’,⁷³⁹ journalists must ‘act in good faith to provide accurate and reliable information in accordance with the ethics of journalism’.⁷⁴⁰

In the context of copyright, this principle ensures that journalists are not necessarily always free to copy, reproduce or publish copyright-protected materials. The ECtHR recognises that journalistic ethics oblige them to seek other available alternatives that have the least restrictive and drastic impact on copyright owners’ interests.⁷⁴¹ They are also required to take sufficient steps to verify a factual allegation and the truth of the disputed allegation.⁷⁴² This can be seen as a prerequisite for journalists exercising Article 10 to contribute to the public at large.

Summary

Journalism is a potential manifestation of freedom of expression used to determine how efficiently such a fundamental right is exercised and accommodated in the information age. One of the best means in which matters contributing to public debate can be communicated to the public is through journalistic activities, and this demands closer attention when such journalistic activities are conducted on a digital platform.⁷⁴³ Thus, due regard must be paid to any restrictions that prevent journalists from fulfilling this pivotal role. This reasoning may in turn entail the need of journalists for to sometimes have recourse to privileged freedoms, namely the right to access state-held information, the right to protect their sources, the right to criticise and the right to exercise journalistic activities online. Only then can they effectively satisfy the public right to be properly informed about matters affecting their interests. The ECtHR has tended to uphold freedom of expression values in these circumstances, where there must be strong and compelling reasons for copyright measures to be regarded as justified interferences.

⁷³⁹ *Fressoz & Roire v France* App no 29183/95 (ECtHR, 21 January 1999) para 54.

⁷⁴⁰ *Ibid*; *Stoll v Switzerland* (n 616) para 103.

⁷⁴¹ See *Tønsbergs Blad AS and Haukom v Norway* App no 510/04 (ECtHR, 1 March 2007).

⁷⁴² *Ibid*.

⁷⁴³ *Roca and Santolaya* (n 715) 379.

3.3.3.4 The balancing exercise between Articles 8 and 10 ECHR in copyright

When an infringement against copyright-protected works is caused by any unauthorised use based on the exercise of freedom of expression, the balancing exercise in Article 10 ECHR may require the ECtHR to examine the nature of both rights and weigh the reasons for each to impose restrictions on one another. Considering this in the context of a call for elaborate balancing factors to deal with the intersection between such rights, it is worth looking at certain criteria established in the ECtHR's judgments,⁷⁴⁴ clarifying what needs to be taken into account regarding the conflict between Articles 8 and 10 ECHR. It may be argued that protections of an individual's privacy and of an individual's creativity are different in the subject-matter and entail different legal obligations against concerned parties. Nevertheless, the extent to which both right to privacy and copyright in their negative aspects interfere with freedom of expression is relatively similar – restricting others from interrupting that privacy and creativity and, thus, suppressing the exercise of such freedom. Therefore, it may be helpful to extrapolate the criteria employed in the balancing exercise between Articles 8 and 10 to that between Article 10 and copyright law where appropriate.⁷⁴⁵ However, they need to be fine-tuned in order for ECtHR to reach desirable outcomes. In doing so, it is important that the ECtHR is being creative and flexible in employing practical and effective principles to interpret the ECHR as a living instrument in response to evolving circumstances.⁷⁴⁶

While Article 10 ECHR protects the right to freedom of expression, an important foundation of copyright protection in the European regime is guaranteed by A1P1. In the balancing exercise, the nature of expression in question – its contribution to a debate of general interest and artistic creativity

⁷⁴⁴ *Von Hannover (No2) v Germany* (n 500) paras 108-113; *Axel Springer v Germany* (n 500) paras 89-95.

⁷⁴⁵ See n 724 above. See also LIBERTY, 'Striking the balance between personal privacy and media freedom' (2011) <<https://www.liberty-human-rights.org.uk/news/blog/striking-balance-between-personal-privacy-and-media-freedom>> accessed 13 September 2017. These criteria are not only confined to privacy cases, but open to situations where Art 10 conflicts with other areas of law.

⁷⁴⁶ For more detail about the interpretation techniques of the ECHR see Alastair Mowbray, 'The Creativity of the European Court of Human Rights' (2005) 5(1) HRLR 57.

– will be an important factor in determining how much copyright interferences can be tolerated.⁷⁴⁷ For example, if the subject-matter is merely a comic book made for individual entertainment, the reproduction does not deserve as much protection from freedom of expression as a political memorandum.

Another factor to be considered is the purpose for which the expression is reproduced. Considering usual types of copyright works such as literary, musical, dramatic or artistic expression, interference from copyright will be more tolerated when freedom of expression is exercised over the reproduction of those works with entertaining or commercial purposes rather than a journalistic or other public interest purposes.

The third factor relates to the way in which the reproduction is made. This is important in journalistic activities, where the questions are whether the original work is substantially reproduced more than is necessary to convey the underlying message to the public, or whether there is a less restrictive alternative available for such reproduction. These go hand in hand with the principle of proportionality and compliance with journalistic ethics.

Finally, the level of severity and proportionality of the interference imposed also plays a vital role in the balancing exercise.⁷⁴⁸ Copyright can interfere with freedom of expression in various forms, including civil and criminal penalties. They constitute different levels of severity depending on the losses suffered by copyright owners and the seriousness of the infringement.⁷⁴⁹ This means that if the interference imposed is disproportionate to the legitimate aim of protecting copyright holders' interests, it may be held contrary to the pivotal requirement of Article 10 ECHR to strike a fair balance between freedom of expression and other competing rights.

One may find it futile to realise that many of the balancing criteria illustrated above reflect the ECtHR's practices that can actually be carved out from Article 10(2) considerations in the relevant case-law. Yet, considering and

⁷⁴⁷ Lee (n 461) 190. See also Barendt (n 734) 32-33.

⁷⁴⁸ David Harris and others, *Law of the European Convention on Human Rights* (2nd edn, OUP 2009) 10.

⁷⁴⁹ See *Axel Springer v Germany* (n 500) paras 95, 109.

extrapolating the ways in which the ECtHR had resolved the conflict between fundamental rights through the precisely-established criteria could be seen as an opportunity to reiterate the need for those elaborate and certain criteria to be developed and applied to other areas of intersection including that between freedom of expression and copyright.

3.3.4 Summary

As far as the *necessary in a democratic society* test in Article 10(2) ECHR is concerned, the case law suggests that the key factors for deciding whether the interference with freedom of expression is necessary consist of the merit of types and means of expressions on the one hand, and the necessity for copyright to interfere with freedom of expression, on the other. With regard to the former, the degree to which each type and means of expression receives protection is contingent on how much it contributes to the debate of public interest. The degree of contribution will then be used to determine how much an interference imposed by copyright can be tolerated. With regard to the latter factor, whether or not the interference imposed by copyright carries sufficient justification to prevail is subject to the level of social need and the ‘proportionality of the measure adopted to achieve the previously determined legitimate aim’.⁷⁵⁰

The case law also suggests that the way these factors are considered is generally based on the principle that the more valuable the content or means of communication to a democratic society, the greater other competing interests have to be tolerant of freedom of expression. This means that the public value of a particular reproduced expression has a great effect on the degree to which the respondent state is afforded a margin of appreciation to impose copyright interference on freedom of expression. Rather than being a clear line dividing justified and unjustified interference, with its imprecise wordings the balancing exercise in Article 10(2) is intended to create a continuum between the competing rights. This will allow judicial discretion to be better exercised in parallel with the changing copyright environment and corresponding public

⁷⁵⁰ Roca and Santolaya (n 715) 379.

interests.

In the context of copyright, the way such a continuum works may well be represented by two extremes of freedom of expression and copyright protection moving towards the centre; the point at which they intersect is where the balance lies. This point is, however, not necessarily in the same place on every occasion, but is influenced by different types of protected expression under Article 10 and degrees of proportionality for copyright interferences. Those varying degrees of importance are what determines how fast each side moves towards the other end. Less socially valuable speech, such as commercial or hate speech, creates more likelihood of copyright interferences being tolerated. By contrast, speech that promotes or makes a great contribution to the public interest will receive greater protection, so the chance of any copyright interference being found justified and proportionate will be lessened.

Interferences posed by copyright, especially imprisonment, large fines or injunctions, can be found disproportionate although the interfered expressions such as musical works cannot be said to contribute as much to the public debate as political or civil expressions. This is perhaps because such interference imposes an excessive burden to freedom of expression. The effects may be so general that it may be a disincentive on the freedom of innocent future users who are not involved in the infringement.⁷⁵¹ Therefore, such severe measures will be considered unjustified interference and thus a violation of the right of freedom of expression.

3.3.4.1 Rethinking *Ashby Donald* in light of public interest matters

Under ECtHR case law, the situation where the interests of copyright protection come under Article 10 scrutiny triggers less litigation than that of other protections such as privacy, morality or national security. Only two cases have been heard in relation to the clash between copyright and freedom of expression; *Ashby Donald and Others v France* and *The Pirate Bay v Sweden*. However, just because no violation of Article 10 was found in either case does not mean that there was no opportunity to develop relevant principles. That

⁷⁵¹ See, for example, *Scarlet Extended SA v SABAM* (n 599) and *SABAM v Netlog* (n 601).

there have only been two cases would be a better reason to address such a lack of focus on the relationship between copyright and freedom of expression, and to propose corresponding solutions.

Against this background, it is worth reconsidering *Ashby Donald and Others v France* in light of the more general principles and criteria of freedom of expression which have developed in the ECtHR's jurisprudence. In particular, what the consequences would be if online publication of copyright-protected photographs was not merely for commercial and entertainment purposes, but carried important messages triggering public debate; for example, photographs of a very skinny fashion model attached to an article addressing the relationship between the teenage dream of becoming a professional model and a need to be very thin. This could prompt the public debate about eating disorders amongst teenagers and whether the fashion industry contributes to the problem. Another scenario might involve unauthorised publication of protected photographs to highlight women's rights and gender equality. In such circumstances, the published photographs might play a supplementary but essential role in fulfilling the major purpose of the campaign. Clearly these scenarios concern valuable expressions capable of generating public discussions and could thus be eligible for a greater degree of protection afforded by Article 10 ECHR. If so, individuals such as journalists, bloggers or photographers may have the right to contravene copyright by reproducing and publishing the protected photographs to draw public attention to the issues that the photographs depict. However, the question will arise of why they persist in using copyright-protected photographs when other similar photographs free from copyright restrictions are also available for use.

The exercise of freedom of expression entitles individuals to freely choose the way they express their speech to attract the widest possible audiences. If a Paris fashion show has recently attracted media attention, journalists might consider that using contemporaneous images from the show would be the best way to raise public awareness and spark meaningful discussion about the underlying issue. In any case, this would not mean that the enjoyment of freedom of expression would totally dispossess the copyright owners of their interests, nor would it be free from the requirement to be balanced with the

interests that copyright seeks to protect. The justification of freedom of expression is to ensure that a copyrighted work that can contribute to matters affecting public interest is not kept from public scrutiny merely because it belongs to someone else. Against this background, the balancing exercise in Article 10(2) should lead to an outcome that does not rip off the interests that either freedom of expression or copyright aims to promote – long-term benefits of free discussions and short-term remuneration. It should seek to provide a situation where the competing interests are reconciled.

Having recognised this, the public-oriented character of the photographs in question would inevitably change the outcome of the *necessary in a democratic society* test and would lessen the margin of appreciation afforded to national authorities to regulate free speech concerns.⁷⁵² This would in turn lower the extent to which copyright can interfere with freedom of expression in the balancing exercise. It may be the case that the ECtHR would find an injunctive order and large fines disproportionate and insufficiently justified.

On the other hand, it should also be borne in mind that national authorities would enjoy a wide margin of appreciation in interfering with the free speech protection if a given expression is less socially valuable, harmful or against domestic accepted moral standards, such as those regarded as immoral or misused expression in the context of Chapter 2.⁷⁵³

3.3.4.2 Compatibility of the restrictive public policy doctrine with Article 10 ECHR

Seeing copyright-protected works as an individual's creative expression, interfering measures that may be adopted to regulate reprehensible copyright expressions can come in the form of injunctive and monetary reliefs imposed by the public policy doctrine, which, as argued in the previous chapter,

⁷⁵² Roca and Santolaya (n 715) 376; Harris and others (n 321) 14.

⁷⁵³ See, for example, *Handyside v UK* (n 321, obscene books), *Muller v Switzerland* (n 548, obscene paintings) and *Wingrove v UK* App No 17419/90 (ECtHR, 25 November 1996) (blasphemous video), where the ECtHR acknowledged that there was no uniform European moral standards and national authorities were thus in a better position to determine what offended their morality. See also Bernadette Rainey and others, *The European Convention of Human Rights* (7th edn, OUP 2017) 494. Please also note that the works considered here are not to be confused with those excluded expressions considered under section 3.3.1.3 above.

operates through either denial or remedial approaches.⁷⁵⁴ While Chapter 2 explains how the issue of immoral or misused copyright expression is resolved through divergent public policy doctrines,⁷⁵⁵ as a matter of consistency such issue should also be addressed under the Article 10 ECHR framework in order to prove the compatibility of such restrictive doctrine with the provision.

Yet, it seems not a usual practice, if any, that a question of a violation of a copyright holder's right to freedom of expression on the basis of public policy grounds is examined under the freedom of expression framework. But such a question has been more explicitly discussed in the UK and EU trade mark cases, whereby a refusal to grant a trade mark on the public policy grounds is considered as interfering with the applicant's right to freedom of expression and is thus brought under Article 10(2) ECHR scrutiny.⁷⁵⁶ In the UK, *Ghazilian's*,⁷⁵⁷ and *Basic Trade mark SA's Application*⁷⁵⁸ have established that Article 10 ECHR and section 3(3)(a) Trade mark Act 1994⁷⁵⁹ can be equally and consistently applied in deciding to either refuse or accept trade mark registration.⁷⁶⁰ At EU level, it has been established following *Screw You*⁷⁶¹ that a refusal to register an immoral or offensive trade mark represents a restriction as prescribed in Article 10(2) ECHR on the applicant's freedom of expression; it also reflects the realisation that the applicant's freedom has to be juxtaposed with the member states' responsibility to prevent their society from harm and immorality.⁷⁶² By analogy, the restrictive public policy doctrine that circumscribes copyright holders' right to freely express their creative works, such as those elucidated in Chapter 2, should also be checked its compatibility

⁷⁵⁴ See Chapter 2, section 2.8.

⁷⁵⁵ See Chapter 2, sections 2.3-2.6.

⁷⁵⁶ Daniel G Radler, 'The European Community Trade mark: Is it worth the bother?' (1997) 1 (1) *Marquette Intellectual Property Law Review*, Article 6; Cheryl Greig, 'Public Order and Morality as Grounds of Refusal: European Concept and Comparative Approach' (2012) LLM Dissertation, p 51

<https://euipo.europa.eu/knowledge/pluginfile.php/28196/mod.../GREIG_Cheryl.pdf> accessed 20 January 2018.

⁷⁵⁷ *Ghazilian's Trade Mark Application* [2002] ETMR 63.

⁷⁵⁸ *Basic Trade mark SA's Application* [2006] ETMR 24.

⁷⁵⁹ Section 3(3)(a) reads 'A trade mark shall not be registered if it is...contrary to public policy or to accepted principles of morality...'

⁷⁶⁰ Greig (n 756) 55; Jonathan Griffiths, 'Is There a Right to an Immoral Trade Mark?' (2009) <<https://ssrn.com/abstract=1492117>> accessed 20 January 2018.

⁷⁶¹ *Screw You R495/2005* [2007] ETMR 7.

⁷⁶² *Ibid.* No. 206-207. Greig (n 756) 56.

with Article 10 ECHR, as follows.

As an interference with the right to freedom of expression, Article 10(2) requires the public policy doctrine to be examined under the three-step conditions in order to prove its legitimacy. There should be no doubt that, if successfully incorporated into the proposed public interest defence, the public policy doctrine is prescribed by law to the extent that it provides sufficient accessibility and certain foreseeability to individuals seeking to adopt it. With regard to the legitimate aims pursued, it has been clearly explained in the previous chapter through case law that the doctrine generally aims at protecting the public from harm caused by immoral or misused works. This aim is compatible with those enumerated in Article 10(2), *inter alia*, for the protection of national security, public safety, morals or rights of others. Nevertheless, when it comes to the ‘necessary in a democratic society’ test, the less socially valuable character of those immoral or misused expressions does not automatically render the interferences proportionate and justified. As described earlier, the final test in fact entails the considerations of proportionality between the means employed and the aims pursued, the severity and the chilling effect *vis-à-vis* individual freedom. Against this backdrop, the doctrine with its denial approach may potentially be found too severe and disproportionate due to its extreme operation in totally depriving rightsholders of copyright protection. Conversely, reasons underlying the availability of injunctive and monetary remedies offered by the less restrictive means – the remedial approach – can be deemed more satisfactory and proportionate to the public-oriented aims that the public policy doctrine pursues. This relationship between copyright and the public policy doctrine explained through the freedom of expression framework reflects the underlying merit of the balancing exercise between countervailing interests, firmly recognised in Article 10 ECHR.

3.4 Free speech protection in the US

Despite a strong recognition of the merits of freedom of expression, under the European regime, Article 10 ECHR provides that freedom of expression is not absolute. The right is subject to exceptions permitted by virtue of Article 10(2).

In the US, freedom of expression is given paramount importance over other competing rights. It is thus instructive to compare the European approach with its US counterpart to determine what the consequences would be if the ECtHR took the US approach in deciding cases where freedom of expression intersects with copyright.

3.4.1 The First Amendment: prohibition of content-based discrimination

Freedom of speech is strongly protected in the First Amendment to the US Constitution, which guarantees that ‘the government has no power to restrict expression because of its messages, ideas, subject matter or contents’.⁷⁶³ This recognition is the origin of the rules against content-based discrimination which are central to the US free speech regime.⁷⁶⁴ Although there are some exceptions to these rules,⁷⁶⁵ this protection has created the exceptional feature that not only covers general types of speech, but also extends to protect what international consensus deems unlawful speech, i.e. highly offensive speech or speech that incites racial, ethnic or religious hatred.⁷⁶⁶ This results in the suggestion that, regardless of content, all expression is afforded the same level of protection.⁷⁶⁷ Even laws restricting extreme speech based on content or viewpoint would most likely fail to comply with the First Amendment protection.⁷⁶⁸ Within copyright, strong First Amendment protection is reflected in the adoptions of fair use and the idea/expression dichotomy as the primary internal free speech safeguards.

3.4.2 Difference in the US and European approaches

The degree to which a particular expression is protected by Article 10 ECHR

⁷⁶³ The First Amendment to the United States Constitution. See also *Regan v Time Inc* 468 US 641, 648-49 (1984); *Police Dep’t of Chicago v Mosley* 408 US 92, 95 (1972).

⁷⁶⁴ Hare (n 566) 81-82; Christina E Wells ‘The Law of Free Expression in the United States’ (2001) 9 *Journal for Legal Science & Practice* 353, 355.

⁷⁶⁵ Kathleen Ann Ruane, ‘Freedom of Speech and Press: Exceptions to the First Amendment’ (2014) Congressional Research Service <<https://fas.org/sgp/crs/misc/95-815.pdf>> accessed 15 September 2017. These exceptions include, for example, face-to-face insults and child pornography. See *Chaplinsky v New Hampshire* 315 US 568, 572 (1942); *New York v Ferber* 458 US 747, 774 (1982).

⁷⁶⁶ Frederick Schauer, ‘The Exceptional First Amendment’ in Michael Ignatieff (ed), *American Exceptionalism and Human Rights* (Princeton UP 2005) 33.

⁷⁶⁷ ‘Although it restricts some speech, it does so regardless of the viewpoint or subject-matter of such expression’, see Wells (n 764) 355.

⁷⁶⁸ See, for example, *Police Dep’t of Chicago v Mosley* (n 763).

depends on what type of expression it is, and to what extent it contributes to a democratic society. However, this distinction is not applicable in the US where treating speech differently based on subject-matter, words or facts would be considered unconstitutional.⁷⁶⁹ For instance, the US free speech rules against content-based discrimination would have required the ECtHR to rule against the law of privacy restricting the right of the press to criticise what was described as ‘a sick Nazi-themed orgy with five hookers’ attended by Max Mosley.⁷⁷⁰ Under the US approach, such a law would be deemed content-discriminatory and unconstitutional.

In another example, the ECtHR had to deal with expression in the form of a poster, signs and photographs depicting the collapse of the World Trade Centre with the printed message ‘Islam out of Britain, protect British people’.⁷⁷¹ The Court ruled that they were insulting, religiously harassing and aggravating and, therefore not protected by Article 10.⁷⁷² The US courts would have regarded this approach as content-based discrimination, and thus a violation of the First Amendment.⁷⁷³ These examples demonstrate the strongest level of protection of freedom of expression in the US approach, and how it is different from its European counterpart.

3.4.3 Preferable European approach

While it may be undeniable that freedom of expression constitutes a fundamental foundation to a good democracy, there are also other rights that are necessary to ensure that the democratic society is a peaceful place where everyone respects each other’s interests. Therefore, no right should be permitted to unreasonably undermine other competing rights, nor should any be kept from public scrutiny when its enjoyment becomes excessive. The balancing concept endorsed by the European approach in relation to the free speech protections is surely preferable.

⁷⁶⁹ Hare (n 566) 81-82.

⁷⁷⁰ *Mosley v UK* (n 721).

⁷⁷¹ *Norwood v DPP* [2003] EWHC 1564 (Admin).

⁷⁷² *Ibid.*

⁷⁷³ Hare (n 566) 84-85.

3.5 Conclusion

The analysis of Article 10 ECHR has highlighted that the right to freedom of expression not only contributes to the protection of the interests of individuals, but also to the promotion of democracy and overall human development. Any interference with this right must be subject to the most vigilant scrutiny, and failure to do so may not only undermine an individual's right to freedom of expression, but also the freedom of society to enjoy the free flow of information and ideas.

When it comes to the intersection between freedom of expression and copyright, a fair balance must be struck. All types of expression that allow for the exchange of information and ideas are considered to be expression protected by Article 10 ECHR. The degree to which each type of expression contributes to 'a public debate of general interest' helps determine whether the interference with freedom of expression will be considered necessary in a democratic society, and therefore justified. Where the expression relates to matters of public interest disseminated by the press, freedom of expression is more likely to be upheld over copyright. Where there are weighty justifications for copyright interference, these will also play a significant role in the balancing exercise. Severe copyright interference such as large fines or imprisonment are less likely to be upheld as they may cause a chilling effect on expression.

The balancing principles identified from Article 10 ECHR and the case law analysis may provide useful guidance to the intersection between freedom of expression and copyright. However, this may not be sufficient to cope with current situations given technological advances and seamless communications in the public sphere. Such situations will promise even more instances of intersection between the two competing rights in the future. Against this background, more certain and detailed criteria of Article 10 may be necessary for them to be fairly balanced while keeping pace with the changing environment and the public interest.

An effective solution would lie in attaching a brief explanatory note to Article 10: both the substantive freedom definition in paragraph 1 and the threefold

assessment in paragraph 2 (section 5.1 below). This would consist of an open-ended list of factors which judges should take into consideration when striking a fair balance between freedom of expression and copyright. Since freedom of expression reflects the aspect of L&Es that the proposed public interest defence seeks to embrace, the principles will provide a clear and certain extent of the incorporation of freedom of expression into the scope of the proposed defence.

Chapter 4. The Three-Step Test

4.1 Introduction

The previous two chapters have considered the restrictive and encouraging functions of public interest defence through the integrated aspects of public policy and freedom of expression. The need for flexibility in copyright law has now become very important for our society to further develop and keep pace with rapidly-developing information technologies. As copyright strives for a fair balance between short-term incentives and long-term benefits,⁷⁷⁴ a flexible copyright L&Es system may help achieve the balance. The two aspects incorporated into the scope of the proposed defence provide ample space for those competing interests to be accommodated within the international copyright framework. This would in turn help complete the missing pieces of the L&E jigsaw that are not clearly spelled out, nor properly protected in the digital era.

At the international level, all L&Es for copyright are subject to the so-called three-step test. The test is an international doctrine recognised in several treaties,⁷⁷⁵ and consists of three abstract criteria used to govern limits to copyright.⁷⁷⁶ Like other L&Es, the proposed public interest defence should come under the three-step test scrutiny as a prerequisite to its international recognition. The test's open-ended character has led to doubts over how much room the test will allow for new L&Es to emerge. Some assert that the test is more likely an author-friendly doctrine⁷⁷⁷ that should be interpreted as providing strong safeguard to rightsholders' interests to the expense of L&Es, but it is designed to be sufficiently flexible to reconcile divergent interests.

⁷⁷⁴ Irini Stanatoudi and Paul Torremans, *EU Copyright law: A commentary* (Edward Elgar 2014) para 11.63.

⁷⁷⁵ Berne Convention, Art 9(2), TRIPS, Art 13, WCT, Art 10 and WPPT, Art 16.

⁷⁷⁶ The original wording in Art 9(2) Berne Convention reads 'It shall be a matter for legislation in the countries of the Union to permit the reproduction of such works in certain special cases, provided that such reproduction does not conflict with a normal exploitation of the work and does not unreasonably prejudice the legitimate interests of the author'.

⁷⁷⁷ Annette Kur, 'Of Oceans, Islands, and Inland Water: How Much Room for Exceptions and Limitations under the Three Step-Test?' Max Planck Institute for Intellectual Property, Competition & Tax Law Research Paper Series No 08-04 <<http://ssrn.com/abstract=1317707>> accessed 22 October 2014, 46; Thomas Dreier, 'Shaping a Fair International IPR-Regime in a Globalized World : Some Parameters for Public Policy' in Inge Govaere and Hanns Ullrich (eds), *Intellectual Property, Public Policy, and International Trade* (PIE 2007) 73-4.

This chapter will begin with an introduction of the three-step test's background and its function as an umbrella term regulating all types of L&Es to copyright. The focus then shifts to the effect of the rapidly-developing information society on copyright law, which calls for more flexibility to be added into its L&Es regime. After that, attention is drawn to the restrictive interpretative approach mistakenly embraced by numerous international and national judicial authorities. In Section 4.2, the interpretations handed down by the WTO panel and those by the ECJ and some national courts in the EU will be examined as examples of how the test's restrictive interpretation could jeopardise copyright's delicate balance with the public interest. This section also examines some prominent decisions delivered by national courts in other EU member states, which had recourse to different external measures to avoid undesirable outcomes caused by the restrictive test against their social, economic and cultural needs.⁷⁷⁸

Section 4.3 suggests a revision of the test's legislative and contextual backgrounds in light of relevant treaties⁷⁷⁹ and prominent case law, and argues that the three-step test is inherently furnished with the balancing tool needed to perform its enabling function to provide room for flexibility in the copyright L&Es system. To safeguard such inherently flexible nature of the test, section 4.4 proposes that the test should be interpreted with some reference points and section 4.5 will illustrate step-by-step how the flexible interpretation of the three-step test in light of the proposed reference points would allow the public interest defence to pass.

The proposed defence, consisting of the two important aspects of public policy and freedom of expression, would be impractical without passing the universal three-step test scrutiny. The relationship between the test and the proposed defence is interdependent. The test generally functions to determine the outer scope of all L&Es to copyright, and this means that, whether or not the proposed defence could guarantee its legitimacy in the copyright L&Es, the regime depends on how much room the test provides for accommodating other

⁷⁷⁸ Kur (n 777) 4.

⁷⁷⁹ Berne Convention, Art 9(2), TRIPS, Art 13, WCT, Art 10.

societal interests including freedom of expression, within the copyright framework. The basis under which the test could be interpreted to permit such new flexible defence can also be intensified by taking into account other public policies and fundamental freedoms when interpreting the test. Thus, it is important for the entire copyright regime that the test is understood to be, not a straitjacket, but flexible and welcoming whatever the future development of L&Es will bring.

The free flow of information in the online environment has affected copyright's delicate balance between rightsholders' and users' interests, and greater flexibility is required to promote the public interest.⁷⁸⁰ Such technological advance has led to the arrival of a number of emerging unauthorised uses of copyright works, such as user-generated content, search engine services, social networking and journalistic activities. Not only have these activities contributed to a stimulus for further creativity, they have also served the public as a prerequisite for a healthy democratic society. They have become essential parts of economic, social and cultural growth.⁷⁸¹ It is no longer only grants of exclusive rights that are incentives to the creation of more works, as L&Es are also becoming more important in ensuring the freedom to create and to use the works to fulfil and promote the public enrichment.⁷⁸²

These types of unauthorised uses do not necessarily undermine rightsholders' economic interests but are parts of what technological advances may entail. Some are exercised to keep the entire public away from harm or to keep them informed about matters affecting their general interest, serving objectives such as uses for public policy and freedom of expression. Given these merits, more flexibility is needed within the L&E system to guarantee the legitimacy of uses that represent other important values in society. The proposed public interest defence is one of those L&Es that would benefit from a flexible &E system, as its purpose is to provide safe haven for those important uses mentioned above.

⁷⁸⁰ Martin Senftleben, *Copyright, Limitations and the three-step test: An analysis of the three-step test in international and EC copyright law* (Kluwer Law International 2004) 35.

⁷⁸¹ Martin Senftleben, 'Fair Use in The Netherlands – A Renaissance?' (2009) <<http://ssrn.com/abstract=1563986>> accessed 15 November 2014, 6.

⁷⁸² Stanatoudi and Paul Torremans (n 774) para 11.63.

Until now, there has been no sufficient breathing space within the L&E system where they can be safeguarded. The three-step test is an international doctrine designed to allow member states to devise L&Es according to their domestic requirements. It is therefore useful to examine to what extent the test can provide flexibility to open up the L&E system and allow emerging L&Es, such as the proposed public interest defence, to play a role in protecting other competing interests needed for copyright to develop and keep pace with the changing environment.

4.2 Restrictive interpretation of the three-step test

When considering the interpretation of the test at the international level, the guiding principle of restrictive interpretation has been handed down by the WTO Panel in its report concerning the compatibility of Section 110(5) of the US Copyright Act with Article 13 TRIPS.⁷⁸³ The case analysis that follows will examine why such an interpretation, given that it is the first and only international interpretation of the three-step test thus far,⁷⁸⁴ is too restrictive to be followed by regional or national judicial bodies in this rapidly-changing copyright environment.

4.2.1 United States – Section 110(5) of the US Copyright Act

In April 1999, the European Communities (EC) requested the establishment of a WTO panel to deal with their complaint regarding the inconsistency of the US Copyright Act with the obligations under Article 9(1) TRIPS to comply with Articles 1 to 21 of the Berne Convention.⁷⁸⁵ The dispute was centred on whether the two copyright exceptions,⁷⁸⁶ namely homestyle and business exceptions, enshrined in Sections 110(5)(A) and (B) of the US Copyright Act respectively, were compatible with the three-step test. Sub-paragraph A provides for the so-called homestyle exception, exempting the broadcasts of works other than nondramatic musical works in small commercial

⁷⁸³ WTO Panel – Copyright (2000) (n 374).

⁷⁸⁴ The three-step test was incorporated into Art 13 TRIPS by reference under its Art 9(1), which obliges member states to respect Arts 1-21 of the Berne Convention.

⁷⁸⁵ WTO Panel – Copyright (2000) paras 3.1-3.2.

⁷⁸⁶ Although the word ‘exemption’ was used throughout the original text, it is as a matter of consistency of this chapter to use the word ‘exception’ instead to refer to all doctrines that impose limits on copyright claims.

establishments using homestyle receiving apparatus.⁷⁸⁷ The business exception in sub-paragraph B allows food, drinking and retail establishments to amplify the communication of nondramatic musical works with no authorisation or royalty fee, provided that they do not exceed a particular floor area.⁷⁸⁸ For those not conforming to this requirement, amplification is still permissible as they can use other equipment and comply with additional conditions.⁷⁸⁹ The EC argued that these exceptions permitted free use of copyright works with the types of conditions that would entitle a considerable number of establishments to be exempted to the detriment of the EC right holders; thus, they were at odds with the three-step test.⁷⁹⁰ The US contended that the rationale behind Section 110(5) was that ‘the secondary use of the transmission by turning on an ordinary receiver in public was so remote and minimal that no further liability should be imposed’; therefore, a small commercial establishment that was not large enough to subscribe to a commercial background music service could be exempted from copyright liability.⁷⁹¹

Article 13 TRIPS was also of importance in this case because it contained the three criteria under which the legitimacy of the two exceptions must be tested.⁷⁹² In introductory statements, the Panel stated that the three criteria should be subject to cumulative application, but independent consideration for each step.⁷⁹³ What is interesting is the fact that the Panel made reference to the predecessor provision of the three-step test in Article 9(2) of the Berne Convention before taking the view that ‘Article 13 cannot have more than a narrow or limited operation’; in fact, types of L&Es for which this provision would allow are only those having limited scope.⁷⁹⁴ This is a strong indication of the Panel taking the narrow route in applying the test. This became even more evident in their subsequent step-by-step interpretation.

⁷⁸⁷ WTO Panel – Copyright (2000) para 2.3.

⁷⁸⁸ Ibid. para 2.3.

⁷⁸⁹ Ibid. paras 2.14 and 2.3.

⁷⁹⁰ Art 13 TRIPS reads ‘Members shall confine limitations or exceptions to exclusive rights to certain special cases which do not conflict with a normal exploitation of the work in question and do not unreasonably prejudice the legitimate interests of the rightsholder’.

⁷⁹¹ WTO Panel – Copyright (2000) para 2.5.

⁷⁹² Ibid. para 6.71.

⁷⁹³ Ibid. para 6.97.

⁷⁹⁴ Ibid.

4.2.1.1 Step 1: special cases

Exceptions to copyright must be confined to particular special cases. The Panel started their analysis by generally articulating that the first condition was divided into two sub-tests: certainty and speciality. With regard to the former, it was straightforward for the Panel to hold that the scopes of both statutory homestyle and business exceptions were clearly defined, known and particularised to the extent that legal certainty can be assured.⁷⁹⁵ Emphasis was placed on the latter sub-test, and the Panel generally interpreted that the word ‘special’ implied that a given exception ‘must be limited in its field of application or exceptional in its scope’.⁷⁹⁶ This suggests a requirement for narrowness in its quantitative (scope) and qualitative (underlying objective) aspects.⁷⁹⁷ Following this, the Panel based its analysis primarily on an assessment conducted by the Congressional Research Service (CRS) in 1995. The assessment noted that a large percentage of all eating (62%), drinking (71.8%) and retail (27%) establishments in the US were beneficiaries of the business exception. Whereas only a minority of them were regarded as potential users of the homestyle exception. While it was held that the coverage of the homestyle exception was sufficiently narrow to qualify as a special case, the business exception did not survive the test. Despite the Panel’s mention of the qualitative sense of narrowness and the objectives underlying both exceptions,⁷⁹⁸ it seems that it refrained from addressing them at this stage, and it could have made the analysis more multifaceted and balanced had it simply taken into account other competing interests. It is unlikely that the Panel’s reliance on the quantitative sense was an attempt to avoid engaging in the discussion about the objectives underlying the exceptions, which it believed may belong to later steps.⁷⁹⁹ Whether or not this was a correct guidance or simply a mistake is at the heart of the debate.⁸⁰⁰

⁷⁹⁵ Ibid. para 6.108. See also Kur (n 777) 23.

⁷⁹⁶ WTO Panel – Copyright (2000) para 6.109.

⁷⁹⁷ Ibid.

⁷⁹⁸ Ibid. paras 6.115 and 6.156, where the US put forward the underlying purposes of the business and homestyle exceptions respectively.

⁷⁹⁹ Ibid. para 6.127. See also Kur (n 777) 24.

⁸⁰⁰ See the Panel’s reason for continuing the analysis of the remaining two steps of Article 13 in relation to subparagraph (B) in WTO Panel – Copyright (2000) paras 6.160–6.162.

4.2.1.2 Step 2: conflict with a normal exploitation of the work

The exceptions must not conflict with a normal exploitation of the work. In its general interpretative analysis,⁸⁰¹ the Panel admitted that the term ‘normal exploitation’ was not the same as full use of all copyright exclusivity; otherwise, nearly every exception to copyright would be inconsistent with this step.⁸⁰² The Panel partially agreed with one of the US claims that ‘normal exploitation’ excluded ‘uses from which an owner would not ordinarily expect to receive compensation’.⁸⁰³ They went on, elaborating that the exempted uses would come into conflict with normal exploitation of the work if they ‘enter into economic competition with the ways that rightsholders normally extract economic value from that right and thereby deprive them of significant or tangible commercial gains’.⁸⁰⁴ It was also accepted that such harm occurred against considerable economic benefits of the rightsholders, including both actual and potential effects.⁸⁰⁵ This means that the assessment also took account of adverse effects caused by those using the works without authorisation and those likely to do so in the future.

Prior to applying this general interpretation to the exceptions at issue, the Panel clarified the distinction between the two situations covered by the homestyle and business exceptions. Those include ‘a situation where one listens to the radio and watches the television and a situation where one uses appropriate equipment to cause a new public performance of music contained in a broadcast or other transmission’.⁸⁰⁶ They acknowledged that the coverage of the former situation was so limited that only a small percentage of beneficiaries could qualify for the benefits; therefore, the homestyle exception could not be regarded as preventing the rightsholders from acquiring considerable economic or practical importance arising from their copyright musical works.⁸⁰⁷ This was not the case for the business exception. In concluding that the exception conflicted with normal exploitation, the Panel carried out separate

⁸⁰¹ Ibid. paras 6.163–6.189.

⁸⁰² Ibid. paras 6.167 and 6.182.

⁸⁰³ Ibid. para 6.177.

⁸⁰⁴ Ibid. para 6.183.

⁸⁰⁵ Ibid. paras 6.185, 6.186.

⁸⁰⁶ Ibid. para 6.214.

⁸⁰⁷ Ibid. paras 6.215–6.218.

examinations of the adverse effects caused by the exception on the chance of receiving revenue that each affected exclusive right may confer.⁸⁰⁸ They appeared to base their proposition on the same line of reasoning as provided in the analysis of the first condition; the exception benefited an excessive number of eating, drinking and retail establishments, from which the right holders would otherwise have expected to receive compensation for the exercise of each exclusive right granted.⁸⁰⁹ They also observed that the free communication of radio and television broadcast exempted by subparagraph B could have induced a number of establishments to shift from the licensed use of recorded music from CDs and tapes to this free-of-charge broadcast. This could constitute a foreseeable economic harm to the rightsholders of musical works in the future.⁸¹⁰

As is clear from the Panel's viewpoint, the analysis of the second condition falls heavily on the side of rightsholders' interests. Although it was confirmed that not every exempted use would be in conflict with a normal exploitation, the adopted approach suggested otherwise. It indicated that whether the use conflicted with a normal exploitation of the work was contingent on both actual and possible adverse effects caused to all granted exclusive rights. This leads to the concern that such consideration only takes into account financial loss suffered by individual rightsholders,⁸¹¹ and there is no room left in this step for the discussion of non-economic or other competing interests.

4.2.1.3 Step 3: unreasonable prejudice to the legitimate interests of rightsholders

According to the wording of the third condition that implies a balancing procedure –interests – this can be where the discussion of policy issues and other competing interests can be factored into the equation, but this does not seem to have received strong recognition from the Panel. They began the general interpretative analysis by providing definitions of 'legitimate' and

⁸⁰⁸ Ibid. para 6.173. See also Kur (n 777) 26.

⁸⁰⁹ WTO Panel – Copyright (2000) paras 6.206, 6.210.

⁸¹⁰ Ibid. para 6.209.

⁸¹¹ Ibid, as can be implied from paras 6.209, 6.210 and 6.218.

‘prejudice’,⁸¹² and noting that the word ‘interests’ was ‘not necessarily limited to actual or potential economic advantage or detriment’.⁸¹³ Given this proposition, it became paradoxical when the Panel later addressed the questions of ‘legitimacy’ and ‘reasonableness’ by merely mentioning economic rights, whilst refusing to consider the legitimacy of the rightsholders’ interests. They also took on the question of the reasonableness of prejudice by recognising that:

‘prejudice to the legitimate interests of rightsholders reaches an unreasonable level if an exception or limitation causes or has the potential to cause an *unreasonable loss of income* [emphasis added] to the copyright owner [given] market conditions and actual and potential prejudice caused by the exemptions’.⁸¹⁴

This concept was then applied to the two exceptions at issue. The detailed financial arithmetic of the loss of rightsholders’ revenue from these establishments was taken into account as a decisive factor in determining the level of reasonableness of prejudice. For the homestyle exception, the Panel agreed with the US claim that the financial loss as a result of playing music in small establishments covered by the exception was so minimal that it would not unreasonably deprive the rightsholders of potential income.⁸¹⁵ Concerning the business exception, in addition to failing to satisfy the third condition,⁸¹⁶ the quantification of the loss of rightsholders’ income was still a determinant in the level of prejudice caused.⁸¹⁷ Not unexpectedly, the Panel seemed to simply recall their previous propositions in the first and second steps and rely heavily on the assurance of the full economic exploitation of rightsholders in the last step, but to remain silent about other competing interests at stake .

What is clear in the Panel’s restrictive standard is an absence of consideration of non-economic interests such as public policy, public users’ interests, freedom of information and so on. This examination is by no means intended to judge whether or not the Panel’s interpretation based on such a restrictive

⁸¹² Ibid. paras 6.224, 6.225.

⁸¹³ Ibid. paras 6.223, 6.227.

⁸¹⁴ Ibid. paras 6.229, 6.236.

⁸¹⁵ Ibid. paras 6.270, 6.271.

⁸¹⁶ Ibid. para 6.265.

⁸¹⁷ Ibid. paras 6.249 and 6.251.

approach is wrong. It merely endeavours to point out that other important interests or objectives underlying L&Es are left out of the three-step test consideration, and this is likely to be an important issue that requires an immediate problem-solving response.

4.2.2 Impact of the restrictive interpretation on the EU copyright regime: case law analysis

This section will examine some prominent EU and national case law to determine how the Panel's approach has, implicitly or explicitly, affected subsequent cases in terms of interpretations and applications of the three-step test. It will illustrate what the restrictive interpretation has done to the EU copyright regime, and to what extent it has undermined not only existing L&Es, but also those emerging ones driven by societal and technological developments.

4.2.2.1 ECJ case law

Infopaq⁸¹⁸

This case concerned the strict interpretation of the transient copying exception in light of the three-step test.⁸¹⁹ The activity at issue was the practice of Infopaq in drawing up summaries of articles from Danish newspapers and periodicals using an automated data monitoring process. The ECJ was asked to give a preliminary ruling on the question of whether doing this without the rightsholders' permission satisfied the conditions enshrined in Article 5(1). The ECJ began its ruling by noting that there were five conditions which the service provided by Infopaq had to meet to be exempted by Article 5(1).⁸²⁰ In applying those conditions, the Court clarified that, as derogations from exclusive rights, these conditions should be strictly interpreted and cumulatively applied to the extent that failing to comply with any of them would give rise to the activity not being covered by the exception.⁸²¹ Having so established, the ECJ upheld the proposition by referring to the necessity to strictly interpret and apply the exceptions in accordance with the three-step test

⁸¹⁸ *Infopaq* (n 410).

⁸¹⁹ Copyright Directive, Art 5(1), (5) respectively.

⁸²⁰ See all five conditions in *Infopaq* (n 410) para 54.

⁸²¹ *Ibid.* paras 55, 56.

incorporated in Article 5(5) of the Copyright Directive.⁸²² This led to one of the practices (printing an 11-word extract) carried out by Infopaq falling outside the scope of Article 5(1).⁸²³

The reference to the three-step test may be a potential reason why the interpretation of the condition of being ‘transient’⁸²⁴ was of such a strict nature. This case helps illustrate how unlikely it would be to accept new uses driven by technological advances as exempted from copyright liability when interpreting the three-step test in a restrictive manner.

ACI Adam⁸²⁵

This is another case illustrating how the application of the EU L&Es provided in Article 5 of the Copyright Directive is influenced by the restrictive interpretation of the three-step test. Application was made to the ECJ, asking for a preliminary ruling on whether the Dutch private copying exception should be understood as embracing copying from unlawful sources.⁸²⁶ In the proceedings, ACI Adam and other applicants argued that the private copying levy determined and imposed on them by Stichting Thuiskopie (Private Copy Foundation) and SONT (Foundation for Negotiation of Private Copyright Compensation)⁸²⁷ was illegitimate. They contended that the reproductions were made from unlawful sources and thus did not fall within the scope of Article 16c(2) of Dutch copyright law, which was enacted to compensate rightsholders whose works were reproduced only from lawful sources.⁸²⁸ Prior to the compatibility check against the national private copying exception, the ECJ placed emphasis on the three-step test as the basis under which the EU private copying exception provided in Article 5(2) of the Directive should be

⁸²² Ibid. para 58. See also Case C-145/10 *Painer* (n 410) para 18, as citing *Infopaq* para 62, where the three-step test was most likely used as a control over exceptions provided in Article 5, preventing them from being interpreted extensively to the extent that legal certainty for authors with regard to the protection of their works as referred to in recitals 4, 6 and 21 in the preamble to Copyright Directive is undermined.

⁸²³ Ibid. paras 64, 67-70, 74.

⁸²⁴ Ibid. para 64.

⁸²⁵ Case C-435/12 *ACI Adam BV and Others v Stichting de Thuiskopie* [2014].

⁸²⁶ Ibid. para 19.

⁸²⁷ Ibid. Two Dutch foundations responsible for collecting the levy on behalf of rightsholders.

⁸²⁸ Ibid. paras 12-19.

interpreted.⁸²⁹ It was stated that one of the objectives of EU copyright law was to ensure strong copyright protection to promote the proper functioning of EU internal market,⁸³⁰ and so L&Es in copyright should be strictly interpreted in compliance with the three-step test provided in Article 5(5).⁸³¹ The ECJ held that permitting private copying made from unlawful sources would ‘encourage the circulation of counterfeited or pirated works, reduce the volume of sales or of other lawful transactions’ and undermine the rightsholders’ exclusive rights to authorise or prohibit reproductions of their works.⁸³² These outcomes would infringe the second and third conditions laid down by the three-step test.⁸³³

The ECJ’s interpretation of the national private copying exception echoes the WTO Panel’s restrictive three-step test standard in that only the economic interests of rightsholders were taken into account, and no other public interest reasons. It is also unfortunate that the ECJ followed such a restrictive interpretation method for L&Es, despite making reference to other methods for giving effect to the purpose of L&Es and to balance conflicting interests.⁸³⁴ This is not to say that reproducing the works from unlawful sources should be condoned, but merely that the economic aspect such as loss of rightsholders’ expected income should not be so highly prioritised that it rules out any other aspect of copyright law.

4.2.2.2 National case law

Mullholland Drive⁸³⁵

One of the most widely-recognised cases regarding the strict application of the

⁸²⁹ Ibid. paras 22, 24, 27.

⁸³⁰ Ibid. paras 32-37.

⁸³¹ Ibid. paras 38-41. See also Case C-117/13 *Technische Universität Darmstadt v Eugen Ulmer KG* (2014) ECDR 23 para 47, where the ECJ, by citing *ACI Adam* para 26, held that ‘ancillary right of digitisation must be determined by interpreting Article 5(2)(c) in light of Article 5(5),...which is not intended to extend the scope of the exceptions and limitations provided for therein’. With this respect, it resulted in the ECJ ruling that, despite granting the ancillary right to digitise to be available to publicly accessible libraries, such right is prevented from being interpreted as allowing digitisation of the whole library’s collections as it would otherwise be contrary to the first condition – certain special cases.

⁸³² Ibid. paras 31, 38-41.

⁸³³ Ibid.

⁸³⁴ *Painer* (n 410) paras 132-134; Case C-201/13 *Johan Deckmyn and Vrijheidsfonds VZW v Helena Vandersteen and Others* (2014) ECDR 21 paras 23, 26.

⁸³⁵ Cour de cassation française, February 28, 2006 (2006) 37 IIC 760 (*Mullholland Drive*), reversing Paris Court of Appeal, April 22, 2005 (2006) 37 IIC 112.

three-step test is evident in the French Supreme Court's decision in *Mulholland Drive*. An individual bought a DVD of the film *Mulholland Drive* and wanted to make a VHS copy for his personal use, but was prevented by the technological protection measures put in place by the film producers. The buyer argued that his private copying activity was exempted by Article L.122-5 of the French IP code.⁸³⁶ Having tested the legitimacy of the exception with the three-step test, the Cour de Cassation held that an exception permitting private copying of DVDs would undermine the normal exploitation of the protected cinematographic work. This decision was made with the realisation of the risk of piracy and significant economic harm that pirated DVD copies in the guise of exempted private copying would have caused to the movie industry.⁸³⁷

There seems to be double assessing in this case, as not only does the use in question have to meet the statutory requirements set out in the national private copying exception, but it must also come under the three-step test scrutiny. Having realised that copyright L&Es in EU member states are already narrowly defined,⁸³⁸ the second assessment imposed by the restrictive three-step test can only be understood to insert even more constraints into the EU L&Es system. This suggests that a restrictive understanding of the test turns a blind eye to the legitimacy of statutory national exceptions, and leaves copyright users with uncertainty in vindicating their infringing activities. More importantly, it leaves no room for other public interest considerations in the L&Es system, and there is a need to accept more privileged use serving other fundamental interests in response to evolving information technologies and public interest.

Google Inc v Copiepresse SCRL⁸³⁹

Another example illustrating the restrictive interpretative approach of the three-step test on L&Es to copyright is evident in the decision given by the Brussels

⁸³⁶ Art L122-5 reads 'Once a work has been disclosed, the author may not prohibit: 1°. private and gratuitous performances carried out exclusively within the family circle...'.
⁸³⁷ *Mulholland Drive* (n 835) 10084. See also Jonathan Griffiths, 'The 'three-step test' in European copyright law - problems and solutions' (2009) 4 IPQ 428, 434.

⁸³⁸ Kur (n 777) 7-11.
⁸³⁹ Court of First Instance of Brussels, *Google Inc v Copiepresse SCRL*, February 13, 2007 [2007] ECDR 5.

Court of First Instance in *Google Inc v Copiepresse SCRL*. In this case, Google was sued for copyright infringement over its ‘Google News’ service, part of which carried out the computer-generated acts of searching, extracting and reproducing press articles from the websites on which the articles had been posted by proprietary publishers. Copiepresse was a copyright management society acting on behalf of the publishers of the protected articles. It argued that Google’s review activities led to substantial unauthorised reproduction of titles and extracts from the protected articles; therefore, Google infringed the rightsholders’ exclusive right to reproduction and communication to the public.⁸⁴⁰ Google contended that its activities were covered by the statutory quotation and news reporting exceptions provided in Articles 21(1) and 22(1) of the Belgian Copyright Act respectively, and the right to freedom of expression enshrined in Article 10 ECHR.⁸⁴¹

In the ruling, the Belgian Court affirmed that ‘exceptions to copyright must be interpreted narrowly and by reference to the triple-test provided for in Article 5(5) of the Copyright Directive’, whose wording seems to ‘confirm the restrictive nature of the exceptions’.⁸⁴² In support of this proposition, the Court went on that, as to the quotation exception, the use at issue would qualify as quotation if it contributed to an analysis or comment on the works, rather than merely collecting them for general overview.⁸⁴³ Google’s service only indexed and classified the press articles, and did not offer any analysis or comment.⁸⁴⁴ Concerning the news reporting exception, its purpose was to enable the media to respond swiftly and contribute some commentary on current events by using the reproduced works as references, not as main objects, for the reporting. As the titles and extracts reproduced were the main features of the Google News

⁸⁴⁰ See Graham Smith, ‘Copiepresse v Google – the Belgian Judgment Dissected’ (Bird & Bird, 13 March 2007) <<http://www.twobirds.com/en/news/articles/2007/copiepresse-v-google>> accessed 15 September 2016.

⁸⁴¹ See more detailed argument concerning Article 10 ECHR in Chapter 3.

⁸⁴² *Google v Copiepresse* (n 839) para 120. See also Philippe Laurent, ‘Brussels High Court confirms Google News’ ban - Copiepresse SCRL v Google’ (2007) 23 Computer Law & Security Report 290, 292.

⁸⁴³ Laurent (n 842) 292.

⁸⁴⁴ Smith (n 840) 2.

service, it could not rely on this exception either.⁸⁴⁵

Holding Google liable for copyright infringement draws particular attention to the difficulties that a search engine like Google is now facing with the lack of flexibility in the EU copyright L&Es regime. Strict interpretations of the exceptions seem to result from the Court's previous experience of the three-step test. Having subjected the already strictly-defined copyright exceptions to this restrictive test, the Court put the entire L&Es system and the public interest into deadlock where even trivial intervention with rightsholders' realisable commercial interests can potentially be deemed impermissible. Perhaps the use of protected works for the purpose of parody or personal use would not be exempted if a rightsholder could generate even a low transaction cost and gain commercial benefit.⁸⁴⁶ Any uses that cause commercial loss to the rightsholders would easily be contrary to the second condition of the test and would thereby not be justified under public interest objectives against copyright protection.

The analysis of these cases has attempted to show the restrictive approach of interpreting the three-step test adopted by the ECJ and courts in EU member states. They also illustrate the detrimental effect of this approach on the future of the public interest argument. There are a few interesting similarities between the cases as to how the three-step test is implemented to excluded national L&Es. First of all, all of them seem to agree on the concept that L&Es to exclusive rights must be strictly interpreted under the three-step test. Secondly, they do not give appropriate account to other compelling public interest reasons served by those L&Es; in fact, the majority seem to have substantial regard to the second condition and view it as a decisive factor in constituting violation of the test. This widely-recognised restrictive approach in the EU copyright regime mirrors the influential earlier decisions by the WTO Panel. As for its drawbacks, this way of interpreting and understanding the test constitutes additional constraint to existing L&Es. It is also likely to have an adverse effect on the evolution of the L&Es system by preventing it from

⁸⁴⁵ Ibid; Laurent (n 842) 292.

⁸⁴⁶ Griffiths (n 837) 435, 441.

serving any other fundamental societal, cultural and economic interests for which copyright law seeks to strike a fair balance.⁸⁴⁷ These undesirable outcomes of the restrictive test would in turn preclude the proposed public interest defence from taking place in the EU copyright regime.

4.2.3 In search for flexibility: samples of *ad hoc* external solutions

In addition to the lack of flexibility in the EU copyright L&Es system, the restrictive understanding of the test also leads the circumstance where the courts in several EU member states have deviated from following such a restrictive approach. Instead, they have sought more flexibility by recourse to different *ad hoc* legal doctrines outside their copyright frameworks to safeguard their own social cultural and economic needs and to strike copyright's fair balance.

4.2.3.1 The US-style fair use⁸⁴⁸

One popular solution is the US-style fair use doctrine. An early illustration of relying on this is from the Dutch Supreme Court's 1995 decision on a dispute between the fragrance manufacturer *Dior* and a Dutch retailer regarding unauthorised reproduction of the protected perfume bottle design for advertising.⁸⁴⁹ Although none of the existing exceptions listed in Chapter 6 of the 1912 Copyright Act (Auteurswet) was applicable to the reproduction at issue, the Court found that the unique circumstance of this case absolved the defendant from copyright liability. In so deciding, it raised the balancing of interests between copyright holders and users, which are firmly recognised in the statutory L&Es to copyright,⁸⁵⁰ and there was room outside the existing

⁸⁴⁷ P B Hugenholtz and Martin Selfleben, 'Fair Use in Europe: In Search of Flexibilities' (2011) <<http://dx.doi.org/10.2139/ssrn.1959554>> accessed 01 November 2014, 10.

⁸⁴⁸ It must be made clear that the *ad-hoc* solution of the US-style fair use discussed under this section is not necessarily considered as an exact adoption of the US fair use doctrine prescribed in section 107 of the US Copyright Act *per se* – its four statutory factors with open-ended characters are, in fact, according to Jonathan Band and others, 'Fair Use/ Fair Dealing Handbook' (2015) <infojustice.org/wp-content/uploads/2015/03/fair-use-handbook-march-2015.pdf> accessed 16 January 2018, recognised in limited jurisdictions. Thus, it should rather be seen as an attempt of EU member states seeking to apply and adapt the underlying concept of fair use as a paradigm of flexible L&Es to copyright into their narrowly-defined L&Es regimes.

⁸⁴⁹ Rechtbank Den Haag, *Dior v Evora*, 20 December 1995 [1996] *Nederlandse Jurisprudentie* 682.

⁸⁵⁰ Lucie Guibault and Kevin van't Klooster, 'The balance of copyright-Dutch report' (1994)

L&Es system where users' interests could be facilitated.⁸⁵¹ This approach is believed to be an implied adoption of the US-style fair use doctrine to open up the Dutch closed-list L&Es system.⁸⁵²

The Barcelona Court of Appeals has shown that the US fair-use doctrine can be used as interpretative guidance in the three-step test.⁸⁵³ The case concerns the caching of copyright-protected contents by Google for its search engine. In refusing the copyright holder's argument based on a restrictive interpretation of Article 40*bis* of the 1996 Spanish Copyright Act,⁸⁵⁴ which incorporates the three-step test into the Spanish copyright regime. The Court held that, to avoid absurd and inappropriate outcomes, the three-step test must be read in a positive manner in parallel with the US fair-use doctrine.⁸⁵⁵ By doing so, the test could function in a way that puts some limits on exclusive rights by recognising harmless uses of property by third parties and the general principle of good faith and prohibition of abuse of rights within the copyright regime.⁸⁵⁶ Having followed this means of interpretation, the Court stated that the test, when read in a positive light, was an open door for flexibility to be added into the L&Es system.⁸⁵⁷ Against such merits, the court found it necessary to guide the flexible interpretation of the test with reference to the external doctrine of fair use.

Similarly, the Paris Court of First Instance also found that the US fair-use doctrine offered a leeway to exempt reproducing pictures in thumbnails as part

<www.ivir.nl/publicaties/download/293> accessed 16 September 2016, 7.

⁸⁵¹ Ibid. 7, 32.

⁸⁵² Ibid.

⁸⁵³ Barcelona Court of Appeals, Decision of 17 September 2008 (unreported). See also Raquel Xalabarder, Spanish Supreme Court Rules in Favour of Google Search Engine... and a Flexible Reading of Copyright Statutes? (2012) 3 JIPITEC 162, para 16.

⁸⁵⁴ Royal Legislative Decree 1/1996, of 12 April, which enacts the *Texto Refundido de law ley de Propiedad Intelectual* (TRLPI).

⁸⁵⁵ See also Griffiths (n 837), the Court of appeals went as far as applying the four factors set out in Article 107 of the US Copyright Act to the caching service in question.

⁸⁵⁶ Xalabarder (n 853) para 27.

⁸⁵⁷ Ibid. section B: comments at para 27.

of the Google image search service from copyright liability.⁸⁵⁸ After applying four flexible factors set out in Article 107 of the US Copyright Act to the use in question, the Court came to the conclusion that the use was an adaptable non-profit activity; the service represented the combined function between a dictionary, an encyclopaedia and a directory, serving to promote the authors' works on internet, rather than causing them economic harm.⁸⁵⁹ With the application of the closed-list L&Es system of French copyright law,⁸⁶⁰ the reproduction by Google might not have fallen within the scope of any exceptions. This may have nothing to do with the wording of the exceptions, but merely that such use would have to come under the scrutiny of the three-step test. In this situation, unlike the US fair use, the test's strict interpretation in the EU copyright regime would prevent the court from taking into account Google's users' interests and the contributions the service made to the wider public.

4.2.3.2 Fundamental freedoms

Fundamental freedoms are also used as external tools to insert more flexibility into the L&Es systems. This alternative approach was adopted by the Federal Constitutional Court of Germany in *Germania 3*⁸⁶¹ and by the Court of Appeal of The Hague in *Scientology v XS4ALL*.⁸⁶² The former case relates to the copying of extensive extracts from the copyright-protected film into the defendant's play '*the Germania 3*', and the latter pertains to the publication of quoted statements obtained from an unpublished document owned by the Church of Scientology. Despite different facts, the courts in both cases faced a similar question; whether the defendants' claims of right to quotation satisfied the requirements set out in the statutory quotation exceptions.⁸⁶³ The courts invoked the direct application of external doctrines of artistic freedom and

⁸⁵⁸ Civil Court of Paris, *SAIF v Google France* (May 20, 2008), Enforceable copy Docket no 05/12117, 9-11.

⁸⁵⁹ Ibid. See also Hugenholtz and Selfleben (n 847) 12.

⁸⁶⁰ See Civil Court of Paris, *SAIF v Google France* (n 858) 7, concerning the applicable law.

⁸⁶¹ *Germania 3 Gespenster am toten Mann*, Federal Constitutional Court 29 June 2000, *Zeitschrift für Urheber- und Medienrecht (ZUM)* 2000, 867.

⁸⁶² (*Scientology/Spaink*), *AMI/Tijdschrift voor auteurs-, media- en informatierecht* 2003, p 217-223. See also District Court of The Hague, 4 May 2011, IER 2011/39 (*Nadia Plesner Joensen v Louis Vuitton Malletier SA*).

⁸⁶³ German Copyright Act, Art 51; Dutch Copyright Act, Art 15a.

freedom of expression respectively to avoid unwanted outcomes against users' interests caused by narrow applications of the quotation exceptions.

Another interesting example in which artistic freedom was claimed against IPR is manifest in the *Darfurnica* case.⁸⁶⁴ The case concerns Danish artist Nadia Plesner using, without authorisation, a registered design owned by Louis Vuitton. The protected design was integrated into the painting named *Darfurnica* and intended to be an eye-catcher to illustrate a situation in which the world of luxury goods gets more attention from the media than the tragedy that occurred in Darfur, Sudan.⁸⁶⁵ At first instance, an *ex parte* decision was made to prohibit the artist from conducting any further infringing use of the design. On appeal, the defendant claimed her freedom to artistic expression protected by Article 10 ECHR, which was at this time given precedence over the freedom to enjoy IPR guaranteed in A1P1.⁸⁶⁶ If considered from the copyright perspective, the defendant may have had to resort to artistic freedom as an external support because the parody exception, when read in conjunction with the strict three-step test, could not have provided any certainty of whether the user's interests in using the work in such a parodic way would be exempted from liability.

These cases bring out two important points. The adoption of external tools in these three cases above indicates an increasingly important role for fundamental freedoms in the EU copyright regime, and the need to safeguard them in the wake of evolving democratic and information society. In addition, such outside influence heralds a critical situation in EU copyright law where the doctrine that regulates the entire L&Es system may be too restrictive, and so national courts are compelled to seek external *ad hoc* solutions to give some breathing space for emerging or unknown uses of copyrighted works to fulfil their domestic needs. This situation demonstrates the lack of flexibility in the EU copyright L&Es system as a result of the restrictive interpretation of the three-step test; there would be no need to look outside copyright laws had the

⁸⁶⁴ *Nadia Plesner v Louis Vuitton* (n 862). See also Lucie Guibault, 'The Netherlands: Darfurnica, Miffy and the right to parody!' (2011) 3 JIPITEC 236.

⁸⁶⁵ *Ibid.* paras 2.7, 2.10, 2.11.

⁸⁶⁶ *Ibid.* paras 4.6-4.10.

interpretation of the test been sufficiently flexible to permit, in exceptional circumstances, the extended scope of the quotation exceptions to embrace a very long quotation or quoted texts from unpublished documents.⁸⁶⁷ In such a case, the application of the test would be less likely to undermine the legitimacy of statutory exceptions. It would also help open up the system to allow for the balanced application of such exceptions where necessary and to welcome emerging L&Es that serve other fundamental objectives such as public policy and freedom of expression. Instead of employing external solutions to solve the internal issue of restrictive three-step test, it may be better to start dealing with the problem by revisiting the historical and contextual background of the test and then reconsidering how its interpretation could be improved in search of flexibility.

4.3 Revisiting the three-step test in search of flexibility in international copyright law

4.3.1 Historical and contextual backgrounds at international level

Having addressed the problems of the restrictive interpretation of the three-step test, one way of solving such restriction is, as this chapter proposes, to revisit the test's historical and contextual backgrounds at the international level. This section will argue that the test is designed to be a balancing tool in the international copyright regime and should thereby be subject to flexible interpretation.

The test's original function was as a balancing tool between grants and reservations in copyright protection. There are two markedly different legal traditions that lie at the centre of the international copyright regime: natural law and utilitarian traditions.⁸⁶⁸ While the former reflects the author-oriented civil law tradition with the focus on copyright exclusivity,⁸⁶⁹ the latter enshrines the common law concept of social utility where copyright is seen as an 'engine of free expression'.⁸⁷⁰

⁸⁶⁷ *Germania 3* (n 861) 867; *Scientology* (n 862) 217-223.

⁸⁶⁸ Senftleben (n 781) 6-16; See also Kur (n 777) 9-13.

⁸⁶⁹ Senftleben (n 781) 6.

⁸⁷⁰ *Ibid.* 7.

Merely taking one line of reasoning to explain what the entire copyright system seeks to achieve seems to be unlikely to provide a realistically appropriate answer. In the usual copyright scenario where diverse interests are at stake, these two distinct legal traditions should be complementing and balancing each other towards the shared purpose of promoting cultural diversity.⁸⁷¹ At the international level, such a balance is reflected in the way in which grants and reservations are enshrined in substantive provisions of international copyright-related treaties, namely of the Berne Convention, TRIPS and WCT in both exclusive rights and L&Es.⁸⁷² All these treaties contain the three-step test as an umbrella provision to determine the scope of permitted L&Es and limit the reach of exclusivity.⁸⁷³ The three-step test is designed to draw the lines of intersection between grants and reservations,⁸⁷⁴ and its function is to be the linchpin in ensuring that a balance between the two theories is well-maintained at the international level. The abstract nature of the test seems to be supportive of this conclusion as it enables the test to recalibrate the balance where necessary.⁸⁷⁵

Despite contradicting the WTO Copyright Panel's restrictive interpretative approach, this flexible understanding is apparent in the contexts under which the three-step test has been introduced and incorporated into of the Berne Convention, TRIPS and WCT, as the following sections will show.

4.3.1.1 The Berne Convention

Prior to its incorporation into the Berne Convention, the test showed sufficient flexibility to allow member states to safeguard their domestic interests through L&Es. It was introduced at the 1967 Stockholm Conference and codified in international copyright law through Article 9(2) of the Convention. At the Conference, one of the essential tasks was to strengthen copyright protection

⁸⁷¹ William W Fisher, 'Property and Contract on the Internet' (1998) 73 Chicago-Kent Law Review 1203, 1212-1220.

⁸⁷² David Nimmer, Elliot Brown and Gary Frischling, 'The Metamorphosis of Contract into Expand' (1999) 87 California Law Review 17, 44.

⁸⁷³ See Berne Convention, Art 9(2), TRIPS Art 13 and WCT, Art 10.

⁸⁷⁴ Senftleben (n 780) 7, 17, 34.

⁸⁷⁵ Ibid. 35. It is argued that the balance is constantly shifted due to an influence of technological development, which in turn entails the creations of TPMs and digitally-advanced copying techniques.

granted to authors through a recognition of the right of reproduction.⁸⁷⁶ As indicated in the preparatory document,⁸⁷⁷ whether or not this would be accomplished was contingent on the discovery of an adequate solution for permissible L&Es. As noted by the Study Group carrying out the preparatory work for the Conference, it proved difficult to have the L&Es section revised given the considerably diverse groups of L&Es available in domestic laws.⁸⁷⁸ The Group found it necessary to devise an international formula capable of reconciling national diversity and contributing to a twofold objective: ‘safeguarding the legitimate interests of the author while leaving a sufficient margin of freedom to the national legislation to satisfy important social or cultural needs’.⁸⁷⁹

According to the UK delegate, such international formulae exempting the right of reproduction needed to be sufficiently restrictive to ensure that the author was not worse off than they would have been without the introduction of such right, but must remain sufficiently broad to cover at least existing L&Es in national legislations.⁸⁸⁰ It may be this dualistic objective that established a strong foundation under which the three-step test was introduced into Article 9(2) of the Convention.⁸⁸¹ The Committee further admitted that the concerns of diverse L&Es at national level could be solved by the test’s abstract character, which was capable of encompassing a broad range of existing and emerging L&Es and reconciling different national interests.⁸⁸² Against this original backdrop, the test was initially designed to provide a flexible framework for the Convention within which adequate deference was paid to national legislatures to enjoy the freedom of safeguarding domestic social, cultural and economic aspirations through various types of permissible L&Es to right of

⁸⁷⁶ Senftleben (n 780) 47.

⁸⁷⁷ WIPO, Records of the Intellectual Property Conference of Stockholm (1967, Vol I) Doc S/1, 113.

⁸⁷⁸ Ibid, 111-112.

⁸⁷⁹ Ibid. 113.

⁸⁸⁰ WIPO, Records of the Intellectual Property Conference of Stockholm (1967, Vol II), Minutes of Main Committee I, 857.

⁸⁸¹ See the actual proposed first draft of Art 9(2) approved by the Committee in Records 1967 (Vol I) Doc S/1 (n 877) 113.

⁸⁸² Records 1967 (Vol II) (n 880) Minutes of Main Committee I, 856-858.

reproduction, with or without remuneration.⁸⁸³ This freedom is nevertheless subject to the assessment against the three abstract criteria contained in the test as a way to balance with the author's interests.⁸⁸⁴

4.3.1.2 Trade-Related Aspects of Intellectual Property Rights (TRIPS)

TRIPS should take into account that the promotion of international free trade is not necessarily restricted to favour only the producers of goods, but must also balance between their private interests and public benefits. Having originated from the Berne Convention, the three-step test was later incorporated into TRIPS,⁸⁸⁵ which for the first time introduced intellectual property law into the international trade regime. TRIPS is one of the WTO agreements which was negotiated at the Uruguay Round of multilateral trade negotiations in 1994. It was included in the framework of the General Agreement on Tariffs and Trade (GATT). The rationale of such inclusion came from a growing awareness of the significant effect of intellectual property goods, not only on economic growth, but also on counterfeiting and piracy issues between trading nations.⁸⁸⁶ TRIPS provisions reflect intellectual property rules embedded in international trade, and the protection of literary and artistic works is not the purpose for which TRIPS provisions were written.⁸⁸⁷

TRIPS Preamble

As an international treaty, TRIPS should generally be interpreted in pursuance of Articles 31 and 32 of the Vienna Convention on the Law of Treaties (VCLT).⁸⁸⁸ Article 31 states that not only actual texts, but also the preamble, shall be taken into consideration along with the treaty's object and purpose

⁸⁸³ Ibid. 1145.

⁸⁸⁴ Records 1967 (Vol I) (n 877) Doc S/1, 81.

⁸⁸⁵ See TRIPS, Art 13 with slight alterations of actual wordings from an original version provided in Berne Convention, Art 9(2). The test was also incorporated into TRIPS pursuant to its Art 9(1), requiring member states to comply with Berne Convention, Arts 1-21.

⁸⁸⁶ Jerome H Reichman 'Intellectual Property in International Trade: Opportunities and Risks of a GATT Connection' (1989) 22 VJTL 747, 762-63.

⁸⁸⁷ Records 1967 (Vol I) (n 877) Doc S/1, 113.

⁸⁸⁸ This interpretative method has been referred to by WTO panels and the Appellate Body frequently. See, for example WTO Panel – Copyright (2000) para 6.43; *Canada – Patent Protection of Pharmaceutical Products* (WT/DS114/R) report of the Panel, adopted 7 April 2000 para 7.14.

when interpreting its specific provisions,⁸⁸⁹ and so as regards the three-step test in Article 13, the preamble of TRIPS could be used to resolve disputes concerning imprecise wordings or divergent interpretations.⁸⁹⁰

The required minimum standard of protection and enforcement of IPR in TRIPS is intended: ‘to reduce distortions and impediments to international trade’.⁸⁹¹ Insufficient IPR protection could lead to a circumstance where piracy and unauthorised copying of IP goods could become rampant, and the trade system would thus be prejudiced.⁸⁹² Such protection could also become an obstacle to legitimate trade if it is excessively granted to the extent that it unreasonably restricts unauthorised use, which might be conducive to a reduction of distortions and impediments. The latter proposition could be compared to a situation where the interpretation of Article 13 TRIPS relies too heavily on the economic interests of rightsholders and provides them with a monopoly over their intellectual products. This may result in fewer advantages from the restrictive interpretation of the test in favour of rightsholders. A flexible interpretation permitting unauthorised use within reasonable limits would be more efficient in terms of lessening trade obstacles and promoting the dissemination of intellectual innovation. Such excessive protection of IPR could be regarded as a trade barrier *per se*, which is contrary to the intent expressed in the preamble.

Objectives and Principles of TRIPS

In addition to the preamble, what should be factored into the interpretation of Article 13 TRIPS are Articles 7 and 8, which speak of TRIPS objectives and general principles of limiting IPR. According to Article 7, there are three indispensable objectives to which the protection and enforcement of IPR should contribute:

1. the promotion and dissemination of technological innovation;

⁸⁸⁹ See VCLT, Art 31(1), (2). See also Daniel Gervais, *The TRIPS Agreement: Drafting history and analysis* (3rd edn, Sweet & Maxwell 2008) 2.09. As regards object and purpose, see the considerations of Articles 7 and 8 TRIPS below.

⁸⁹⁰ Gervais (n 889) 2.09.

⁸⁹¹ See the preamble, first paragraph.

⁸⁹² Ibid.

2. the mutual advantage of producers and users of technological knowledge in favour of social and economic welfare; and
3. a balance of rights and obligations.

Article 8 sets out general rationales for members when taking specific actions necessary to serve three principal domestic requirements:

1. the protection of public health and nutrition;
2. the promotion of the public interest in the areas vitally important to domestic socio-economic and technological development; and
3. the prevention of the abuse of IPR causing the detrimental effect to the international transfer of technology.

The three objectives in Article 7, when examined in the context of IP law, echo the fundamental IP policy of maintaining the equilibrium between rewarding creators for their investment and securing accessibility for wider public benefit. The legislature should ensure that exclusive rights awarded to creators are balanced against exceptions of such rights and promotes creativity and innovation.⁸⁹³ Where the public interest is unreasonably stifled by IPR, Article 8 provides policy rationales for members to justify the adoption of TRIPS-compatible measures necessary to safeguard it.⁸⁹⁴

At the Doha Ministerial Conference in 2001,⁸⁹⁵ it was agreed by the ministers from all WTO members that ‘the TRIPS Council shall be guided by the objectives and principles set out in Articles 7 and 8 of the TRIPS Agreement and shall fully take into account the development dimension’.⁸⁹⁶ This proposition is consistent with the WTO Panel’s report in *Canada – Patent Protection of Pharmaceutical Products*,⁸⁹⁷ in which the Panel found it essential to bear in mind the goals and the limitations stated in Articles 7 and 8, especially when examining the specific meaning and conditions set out in

⁸⁹³ Gervais (n 889) paras 1.07, 2.71. This is the ultimate objective of IPR in the context of TRIPS as part of GATT law. See GATT, Art XX, where the protection of IPR is considered as acceptable obstacle to free trade.

⁸⁹⁴ Ibid. paras 2.85, 2.86.

⁸⁹⁵ Doha Ministerial Declaration, WT/MIN (01)/DEC/1, Adopted on 14 November 2001.

⁸⁹⁶ Ibid. para 19.

⁸⁹⁷ WTO Panel – Patent (2000) (n 888).

Article 30,⁸⁹⁸ which is the three-step test incorporated in the patent section, so this principle may as well apply to Article 13 in the copyright section. Given that these provisions are established in the body of the agreement,⁸⁹⁹ they should be viewed as an important basis under which TRIPS provisions are interpreted.⁹⁰⁰ This line of reasoning would allow the Panel to have more regard to the need to strike a fair balance between divergent interests when construing Article 13 TRIPS in the case of *United States – Section 110(5) of the US Copyright Act*.⁹⁰¹ The required balance for the intention to promote creation and innovation recognised in Articles 7 and 8 could contribute to a flexible interpretation of the three-step test and allow the Panel to be more engaged with public policy objectives underpinning the business exception.⁹⁰² This may then allow the proposed public interest defence to pass the test and to play its role of safeguarding the public policy grounds and freedom of expression, restoring the fair balance in the international copyright system.

4.3.1.3 WCT

Another international treaty worth considering in search of inherent flexibility for the three-step test is WCT. The treaty concerns copyright law and contains the three-step test in its Article 10. Two years after the emergence of TRIPS, WCT came into force in 1996 to address particular copyright issues raised by new economic, social, cultural and technological developments, especially the internet and databases, and to ensure that copyright rules were keeping pace with such developments.⁹⁰³

Prior to the finalisation of the treaty in the 1996 WIPO Diplomatic Conference,⁹⁰⁴ the three-step test came to the fore of the preparatory work as a basis for controlling all permissible copyright L&Es.⁹⁰⁵ Some of the

⁸⁹⁸ Ibid. para 7.26.

⁸⁹⁹ Gervais (n 889) para 2.70, 2.87.

⁹⁰⁰ Ibid. paras 2.70, 2.80, 2.85, 2.87.

⁹⁰¹ See WTO Panel – Patent (2000) para 7.26, concerning the interpretation of Article 30 TRIPS.

⁹⁰² WTO Panel – Copyright (2000) paras 6.115, 6.155.

⁹⁰³ See WCT, preamble.

⁹⁰⁴ At the 1996 WIPO Diplomatic Conference on Certain Copyright and Neighbouring Rights there are in fact two ‘internet’ treaties adopted at the same time, namely WCT and WPPT.

⁹⁰⁵ Senfileben (n 780) 92.

discussions related to the test's ability to allow for remuneration to avoid unreasonable prejudice to rightsholders' legitimate interests, and the proposed use of the US fair-use criteria to form the basis of assessing the third criterion.⁹⁰⁶

At the Conference, deliberations about the scope of copyright L&Es formed the core issue and it was stated that:

‘when a high level of protection is proposed, there is reason to balance such protection against other important values in society such as the interests of education and scientific research and the need of the general public for information available in libraries’.⁹⁰⁷

Despite criticism by many member countries regarding the test performing as an additional control to their existing L&Es,⁹⁰⁸ Article 10 was finalised and comprised two paragraphs. Each recognised the application of the test to exceptions to rights granted under WCT and of the Berne Convention respectively, and it established three conditions under which national L&Es must be assessed to prove their compatibility with WCT. Noting that Article 10 is the only provision that speaks of L&Es in WCT,⁹⁰⁹ it serves as a filter regulating all permissible L&Es, and as a determiner of the scope of exclusive rights; thus, ‘the need to maintain a balance between the rights of authors and the larger public interest’⁹¹⁰ essentially lies in the interpretation of Article 10.⁹¹¹ It is of particular relevance in capturing the scope of the test by consulting with the Agreed Statement concerning Article 10 WCT adopted by the Conference.

In the statement, it is provided that Article 10 should be understood as permitting member states not only to carry forward and appropriately extend

⁹⁰⁶ Ibid. 92-95.

⁹⁰⁷ WIPO Doc CRNR/DC/4 (basic proposal), note 12.09.

⁹⁰⁸ The fear of double restrictions on existing national exceptions was addressed by, for instance, Denmark, New Zealand and Sweden in WIPO Doc CRNR/DC/102, paras 489, 495 and 497 respectively.

⁹⁰⁹ Except in WCT, Art 6(2), which deals with exhaustion as a limitation of the right of distribution.

⁹¹⁰ WCT, preamble - fifth paragraph.

⁹¹¹ Jorg Reinbothe and Silke von Lewinski, *The WIPO Treaties on Copyright: A Commentary on the WCT, the WPPT, and the BTAP* (2nd edn, OUP 2015) para 7.10.15.

their Berne-compatible L&Es, but also to devise new L&Es as they see appropriate in the digital environment.⁹¹² The three-step test recognised in the WCT is firmly under the context of the digital environment and, when considered in its legal environment for which WCT has been designed under of the Berne Convention,⁹¹³ Article 10 shall confer an equal or greater level of protection to authors' exclusive rights than what is permissible under of the Berne Convention.⁹¹⁴ However, one should not disregard the effect of technological development on the copyright balance, which allows public users much improved copying and reproducing techniques for protected materials.⁹¹⁵ This effect undoubtedly contributes to an even more widespread dissemination of new knowledge and technological innovation in our society and may in turn entail the recalibration of the balance, reflected by a more flexible interpretation of Article 10 WCT *vis-à-vis* L&Es.

Just because the Agreement Statement provides an open articulation for Contracting Parties to exercise their discretion does not necessarily mean that they are given a blank cheque to extend their existing L&Es or devise new L&Es according to their national interests without checking their legitimacy through the three criteria.⁹¹⁶ However, this does not mean that the Agreed Statement could not function as a useful guidance towards the reinterpretation of the test in a more flexible manner. The guided flexible approach corresponds to the need to maintain the equilibrium between rights and interests as recognised in the Preamble. It would enable copyright law to keep pace with the changing technological environment, which increasingly tends to place more focus on the public interest objectives.

This all suggests that interpreting the three-step test in a manner consistent with its historical and contextual backgrounds can lead to a more flexible interpretation. With more flexibility, the notion of fair balance and the objectives underlying L&Es can play a more engaged role in the test.

⁹¹² Ibid. para 7.10.50.

⁹¹³ See Article 1(2), (4) WCT, which requires Contracting Parties to comply with Articles 1-21 Berne Convention and any existing obligations arising from Berne Convention.

⁹¹⁴ Reinbothe and Lewinski (n 911) paras 7.10.16, 7.10.38-39.

⁹¹⁵ Ibid.

⁹¹⁶ Ibid. paras 7.10.62, 7.10.64.

4.3.2 Case law in support of the flexible interpretation: the European focus

The flexible interpretation of the test is not unprecedented and can be seen in case law from the ECJ and national courts of EU member states. Despite its own judgments endorsing the restrictive interpretative approach,⁹¹⁷ the ECJ embarked on a different approach in *Football Association Premier League Ltd (FAPL) and Others v QC Leisure and Others*.⁹¹⁸ In this case, flexibility was drawn from the growing importance of freedom of expression guaranteed in Article 11 CFREU and Article 10 ECHR to interpret the test in a more flexible way.⁹¹⁹ The case concerned, among other things, the act of reproducing the satellite transmission of the broadcast of live Premier League matches, the rights to which were owned by FAPL. The reproductions were conducted using foreign satellite decoding devices to give access to the original transmission and to display it on the screen without authorisation. As part of the act of reproduction was carried out within the memory of a satellite decoder, one of the questions referred to the ECJ was whether the defendants were right in arguing that such acts were covered by the transient copying exception in Article 5(1) of the Copyright Directive. The ECJ took into account obligation to safeguard the effective function of the transient copying exception, and to observe its underlying objective and purpose of ensuring ‘the development and operation of new technologies’, pursuant to Recital 31 of the preamble.⁹²⁰ It also embraced the need to maintain ‘a fair balance between the rights and interests of rightsholders [...] and of users who wish to avail themselves of those new technologies’.⁹²¹ Having considered all these factors, the Court concluded that the unauthorised reproductions met both the transient copying and the three-step test requirements enshrined in Articles 5(1) and (5) respectively.⁹²²

⁹¹⁷ See *Infopaq* (n 410); Case C-435/12 *ACI Adam* (n 825) analysed earlier.

⁹¹⁸ Joined Cases C-403/08 *Football Association Premier League Ltd (FAPL) and Others v QC Leisure and Others* and C-429/08 *Karen Murphy v Media Protection Services Ltd* [2011] ECR I-09083.

⁹¹⁹ Hugenholtz and Selfleben (n 847) 25.

⁹²⁰ Cases C-403/08 (n 918) paras 162, 163, 179.

⁹²¹ *Ibid.* para 164.

⁹²² *Ibid.* paras 181, 182.

In a judgment by the German Supreme Court in *Supply of Photocopies of Newspaper Articles by a Public Library*,⁹²³ the Court took a flexible view towards the test's interpretation. The Court had to decide whether the library's acts of making electronic copies of scientific articles and supplying them to users on request were covered by the statutory exception for private use in Article 53 of the 1965 German Copyright Act. Although it was argued that, under this exception, unauthorised copies did not necessarily have to be made by the users themselves, the act of dispatching them was held to be similar to publishing. This would have interfered with normal exploitation of the work, given more intensive uses of such electronic copying method and higher user demand in response to technological advances.⁹²⁴ The Court solved this dilemma by allowing the library's practice in return for an undertaking to pay reasonable compensation to the rightsholders. In so deciding, it relied on the capability of the three-step test recognised in Article 9(2) of the Berne Convention and Article 13 TRIPS in approving the concept of statutory license to reconcile the conflicting interests.⁹²⁵

A similar trend of decisions can also be found in a case from the Swiss Federal Court – *ProLitteris v Aargauer Zeitung AG*⁹²⁶ – concerning the scope of the private use exception, and the interpretation of the three-step test in the digital environment. The case was brought by a newspaper group which claimed that press review agencies infringed their copyright in newspaper and journals, and that the defendants' act of producing for commercial purpose both electronic and paper press reviews through keyword searches of their protected literary works did not fall within the scope of the private use exception. Otherwise, it would be in conflict with the three-step test. The Court dismissed the claimant's argument and held that the scope of the exception was sufficiently broad to cover the defendants' practice, regardless of whether it was online or paper-based, or whether the review copies were made by a third party.⁹²⁷

⁹²³ Case I ZR 118/96 (before the Bundesgerichtshof), February 25, 1999 [2000] ECC 237.

⁹²⁴ Ibid. 1004.

⁹²⁵ Ibid. 1005-1007.

⁹²⁶ *ProLitteris* (2008) 39 IIC 990. See Swiss Federal Act on Copyright and Related Rights, Arts 19(1)(c), 20(2) and (4).

⁹²⁷ Griffiths (n 837) 438.

The Court also made some important points about the three-step test. Firstly, concerning the second step, the Court found that the economic interests of the right-holders did not carry any particular weight against the users' interests.⁹²⁸ Secondly, it reaffirmed that remuneration can alleviate the situation where there existed an unreasonable prejudice to the legitimate interests of the right holders, and violation to the third step could thus be avoided.⁹²⁹ Thirdly, the Court held that the third-step assessment of prejudice caused by the exception should be conducted in a way that struck a balance between the divergent interests of rightsholders, authors and users.⁹³⁰

4.3.3 Summary

Clearly, review of the historical and contextual backgrounds of the three-step test in the relevant treaties is contradictory to what is regarded as the mainstream interpretative approach of the test.⁹³¹ Having considered the drafting history and the context in which the test should be interpreted, it was found that the test was not intended to be a straitjacket to national L&Es, nor was it designed to tip balance towards the rightsholders' economic interests. It was more likely formulated to be a tool used to adjust the balance between individual interests and other countervailing interests. The test should thus be subject to flexible interpretation in response to the need of the copyright system to keep pace with changing circumstances. This flexible way of interpreting the test is not new, as is evident in the case law discussed above.

It is by no means far-fetched that a rapid development of technologies and methods of communication in the near future might again lead to an unsatisfactory interpretation of the test and repeat the deviation from the initial understanding of the test as a flexible tool. Interpretation and application of the test must be guided by certain reference points capable of ensuring that the test's inherent flexibility is taken into account in an ever-changing environment. The fundamental right to freedom of expression and the public policy doctrine can be taken as reference points. Given their prominent roles as

⁹²⁸ see *ProLitteris* (n 926) para 6.2.

⁹²⁹ Ibid. paras 6.1,6.3.

⁹³⁰ Ibid. para 6.2.

⁹³¹ WTO Panel – Copyright (2000) (n 374).

safeguards to the public interest, they could provide excellent guidance in preventing the restrictive interpretation and could keep the test flexible to allow for recalibrations of copyright's balance through L&Es.

4.4 Interpretation and application of the three-step test

4.4.1 The proposed reference points – freedom of expression

The right to freedom of expression is a crucial point of reference in the flexible interpretation of the test. The key significance of freedom of expression derives from the strong protection this fundamental right confers, not only to individuals who communicate ideas and information, but also to those receiving them. This aspect of freedom of expression protection is becoming increasingly important as it provides some space for unauthorised use of protected works in the public interest. Such use could range from journalism to activities empowered by advanced technology, the important feature of which is being socially valuable. Against this background, uses falling within the ambit of freedom of expression are usually capable of making more accessible information and knowledge for public enrichment. Interpreting the test with reference to freedom of expression will thus help recall the need to consider the degree to which uses permitted by certain L&Es can contribute to the promotion of the dissemination and exchange of knowledge and information, especially those regarding matters of public interest. This plays a pivotal role in shaping our democratic society. It will in particular help ensure that existing or emerging L&Es serving important purposes such as news reporting, education, transformative use or uses reflecting public concerns such as political, economic or newsworthy matters are examined under the test's procedures. When those types of emerging uses are brought onto an online platform where an infringement is just sometimes enabled by the way the technology works, referring back to the value of freedom of expression may help create a safe haven within the test for them to be permitted by existing or new L&Es.

4.4.1.1 Transformative use

One of the most evolving US copyright concepts is transformative use – use

that alters the original material into a new expression with added creative values and meanings.⁹³² This is derived from the importance of freedom of expression to social and cultural development and its legality has been recognised under the US fair-use doctrine.⁹³³ The US courts have been more tolerant of unauthorised uses of copyright-protected work with a transformative character because they are regarded as productive and socially valuable uses with an underlying aim of promoting freedom of expression.⁹³⁴ When subject to the fair use assessment, they are ‘capable of tipping the scales to a finding of fair use’.⁹³⁵ In both *Campbell v Acuff-Rose* and *Perfect 10 Inc v Google*,⁹³⁶ it was held that the uses in question – a parodied rap song and Google’s thumbnail images – were not in violation of US copyright law. In so deciding, the courts acknowledged that the uses did not merely supersede the original works but added value and transformed the existing ones into new substantive creations with different manner and purpose.⁹³⁷ Due to its contribution to public enrichment and innovation, protecting this type of value-added work lies at the core of the concept of transformative use. By seeing freedom of expression as a reference point, the interpretation of the test can be conducted in a more flexible and balanced manner that takes into account of L&Es permitting uses that have a transformative quality, either in their nature or purpose. This will create a safe refuge for those valuable L&Es and enable copyright law to keep pace with rapid technological developments. As a result, the balance of interests between rightsholders and users can be re-established.

4.4.1.2 Intergenerational equity

The adoption of freedom of expression as a reference point reflects scholarly attempts to develop a way in which the three-step test can be interpreted in light of the changing environment. One prominent proposal suggests espousing the notion of ‘intergenerational equity’ as an interpretive guidance for the

⁹³² David Tan, ‘Fair Use and Transformative Play in the Digital Age’ in Megan Richardson and Sam Ricketson (eds), *Research Handbook on Intellectual Property in Media and Entertainment* (Edward Elgar 2017) 112.

⁹³³ 17 USC 107.

⁹³⁴ *Campbell v Acuff-Rose* (n 9); *Perfect 10 v Google* (n 732).

⁹³⁵ Leval (n 459) 1111.

⁹³⁶ *Campbell v Acuff-Rose* (n 9); *Perfect 10 v Google* (n 732).

⁹³⁷ *Campbell v Acuff-Rose* (n 9) section A; *Perfect 10 v Google* (n 732) paras 11-12. See also Kur (n 777) 544-545 for criteria determining works as being ‘transformative’.

three-step test. This approach draws a dividing line between copyright's grants and reservations and providing a correct alteration to the copyright's shifting balance.⁹³⁸ Within this approach, the test should be interpreted with reference to the intergenerational equity rule, which derives from the shared values between John Locke's labour theory and his world of abundance theory.⁹³⁹ In the copyright context, these theories are represented by the grant of exclusive rights and L&Es respectively. The intergenerational equity rule speaks of a privilege in which a labourer is unquestionably conferred with a property right to enjoy his own labour.⁹⁴⁰ While enjoying such privilege, he is obliged to at least leave 'enough and as good left in common' for other labourers under the latter theory.⁹⁴¹ In the context of copyright, the author shall permit users, who are to subsequently become authors and enjoy the fruits of their own creation, to the similar extent as they were allowed to do with their predecessor's creations.⁹⁴² Viewed through the lens of intergenerational equity, whether a given L&E passes the test is determined by how much a particular use is permitted and induces a productive user to build up their own creative work in the future by consulting their predecessor's work as an source of inspiration.⁹⁴³ Interestingly, this underlying principle of intergenerational equity seems to share a common concept with the notion of transformative use.⁹⁴⁴

Having access to such materials is necessary to fulfil one's ability to use existing copyright materials as a basis for creating new value-added expressions, especially in relation to matters of public interest or technology-empowered uses. A certain degree of freedom may sometimes be required to enable users to step across the boundaries. This is the rationale under which the right to freedom of expression should play a part in copyright law as a reference point to the interpretation of the three-step test. By doing so, uses of copyright-protected works falling within the scope of transformative uses or

⁹³⁸ Senftleben (n 780) 36-41, 257-277.

⁹³⁹ Ibid. Also revisit section 4.3.1 above. These two theories represent the natural law and utilitarian law approaches respectively.

⁹⁴⁰ Senftleben (n 780) 36.

⁹⁴¹ Ibid. 37.

⁹⁴² Ibid. 38.

⁹⁴³ Ibid. 38,39.

⁹⁴⁴ See *Campbell v Acuff-Rose* (n 9) section A; Leval (n 459) 1105, 1111.

intergenerational equity rule will, in the three-step assessment, be considered in light of their social values and promotion of freedom of expression.

4.4.1.3 Public policy

The test can also play an emergency brake role in controlling the extent to which short-term copyright monopoly is enforced against unauthorised uses that have long-term public benefits. It should function as a safety valve, restricting excessive exercise of copyright to the detriment of the larger public interest. Not only would this support the public policy grounds that protect against abusive copyright claims,⁹⁴⁵ it balances the interests between rightsholders and users because both sides of the copyright spectrum should be kept within reasonable limits in the public interest. Otherwise, when a rightsholder is granted an unlimited control over his creations, or when users' privileges over those creations become piracy or free-riding activities, such balance is not fairly struck.

There are two circumstances that underlie the need for a public policy consideration as a reference point in the shifting technological environment. Firstly, when copyright is excessively enforced against public sensitivities, such as the exercise of exclusive copyright protection over immoral and obscene works or with abusive purposes. Secondly, when copyright is used in a restrictive sense to constitute undue constraint on the dissemination of knowledge, ideas or information. The use of public policy as a reference point would function as a safeguard recalling the need to put appropriate limits not only to the positive and negative enforcement of copyright, but also to the competing interests at issue. This would uphold the firm recognition of the test of proportionality within the third step. It will allow the test to examine in detail the pursued objective, magnitude and intensity of unauthorised uses permitted by a particular L&E over the rightsholder's interests in light of the test of proportionality and fine-tune the process of balancing conflicting interests, including the public interest.

⁹⁴⁵ Ibid. See also Kur (n 777) 466.

4.4.2 The interpretation of the three-step test in copyright law

Given the functions and advantages of the two reference points proposed, they will now be compared to the example of a collaborative effort to recalibrate the interpretation of the test, manifest in the paper *Declaration on a balanced interpretation of the 'three-step test* proposed by Geiger et al.⁹⁴⁶ Of particular relevance here is that the principles established in the paper appear to provide a supportive framework for the reference points proposed in this thesis. The paper admits the subversive effects of a narrow interpretation of the test on copyright's balance, and calls for a more balanced and flexible interpretation with special consideration given to L&Es serving fundamental rights and the broader public interest.⁹⁴⁷ Since the interpretative approaches proposed in the paper and those proposed by this chapter are quite similar, the step-by-step analysis suggested in Section 4.5 thus reflects the principles agreed in the paper, but develops them further.

The proposals in the paper were drafted because of a growing concern about the future of L&Es on copyright, which had been impaired by an increasingly high standard of copyright protection and a very uneven interpretation of the three-step test in favour of copyright holders.⁹⁴⁸ Against this background, the Declaration set out to propose:

‘an appropriately balanced interpretation of the three-step test under which existing exceptions and limitations within domestic law are not unduly restricted and the introduction of appropriately balanced exceptions and limitations is not precluded’.⁹⁴⁹

Having proclaimed that copyright is ultimately intended to benefit the public interest, the paper set out a prerequisite for fulfilling such ultimate objective; that the public interest must be served through the grant of appropriate incentives in a balanced manner, not only to subsequent rightsholders, but also

⁹⁴⁶ Christophe Geiger and others, ‘Declaration on a Balanced Interpretation of the ‘Three-Step Test’ in Copyright Law’ (2008) 39 IIC 707.

⁹⁴⁷ Ibid. 708-09.

⁹⁴⁸ Ibid. 707.

⁹⁴⁹ Ibid. 711.

to original authors and third parties including the general public.⁹⁵⁰ This fairness can be achieved through the suggested flexible interpretation of the three-step test, taking into account domestic cultural, social and economic considerations. This means that the objectives and purposes of copyright L&Es must always be factored into the equation, and thus interpretation will become more welcoming to the introduction of open-ended L&Es and more flexible to an application of existing L&Es *mutatis mutandis* to changing technological circumstances.⁹⁵¹

What is particularly relevant to the proposed reference points of freedom of expression and public policy is the principles enshrined in the paper. They require the test to be interpreted in a way that respects important competing objectives and third parties' interests underpinning various types of L&Es. Those include freedom of expression and other public interests stemming from fair competition, scientific progress and cultural, social, and economic development.⁹⁵² Like the proposed reference point of freedom of expression, the paper recognises important values underpinning those fundamental rights which clearly reflect the interests of general public.⁹⁵³ As the paper clearly states, such fundamental values and interests should be given special emphasis in the test,⁹⁵⁴ as this will lead to a more balanced and flexible interpretation.

On 'other public interests',⁹⁵⁵ the paper also recognises public policy doctrine as a reference point that reflects fundamental constituents to the promotion of public interests. This is because the doctrine helps safeguard the interpretation of the test from being influenced by undue monopolistic claims of copyright over works containing harmful elements. The doctrine also stipulates that abuse of copyright is against the public interest and against copyright's ultimate objectives. None of those practices seem to be in accordance with the principles provided in the paper; exploiting exclusive rights in such an abusive and overreaching manner cannot be deemed normal, legitimate and respectful

⁹⁵⁰ Ibid. 708, 709, 712 for principles 5 and 6.

⁹⁵¹ Ibid. 711 for principles 2 and 3.

⁹⁵² Ibid. 711-12 for principle 4 and 6.

⁹⁵³ Ibid. 710.

⁹⁵⁴ Ibid.

⁹⁵⁵ Ibid. 712 for principle 6.

of the other public interests at stake.⁹⁵⁶

4.5 The proposed three-step test

This section will provide a step-by-step analysis by analogy with the WTO Copyright Panel's decision and demonstrate how the test could be interpreted with the suggested reference points. It will also explain the extent to which such a proposed interpretative approach could lead to an introduction of a public interest defence into the international L&E regime.

4.5.1 Step 1: certain special cases

4.5.1.1 Revisiting the Panel's interpretation

As far as the WTO Panel's report is concerned,⁹⁵⁷ the first criterion allowed the homestyle exception to pass its two conditions – certainty and speciality – but the business exception failed to meet the latter condition. The Panel had no difficulty in deciding that the scope of both exceptions was sufficiently known and particular to the extent that they provided a foreseeable degree of legal certainty.⁹⁵⁸ With the 'speciality' test, however, the Panel said that 'an exception or limitation should be narrow in quantitative and a qualitative sense',⁹⁵⁹ but based its final decision only on the quantitative analysis. The Panel was uncertain whether the wording of Article 13 TRIPS also required the first criterion to consider the justifiability of the public policy objective.⁹⁶⁰ Instead, they looked only at an estimated percentage of beneficiaries being privileged by both exceptions in determining whether each exception was 'clearly defined and narrow in its scope and reach'.⁹⁶¹ Whether such quantitative exceptions were underpinned by particular policy objectives justified by well-recognised legitimacy was, according to the Panel, irrelevant to establishing special cases.⁹⁶² Thus the Panel paid little or no regard to the US's argument concerning the underlying policy objectives of the homestyle

⁹⁵⁶ Ibid.

⁹⁵⁷ See WTO Panel – Copyright (2000) paras 6.102-6.162.

⁹⁵⁸ Ibid. para 6.108.

⁹⁵⁹ Ibid. para 6.109.

⁹⁶⁰ Ibid. para 6.111.

⁹⁶¹ Ibid. para 6.112.

⁹⁶² Ibid. paras 6.111, 6.112.

and business exceptions. While the former was enacted to ensure ‘the protection of small “mom and pop” businesses’,⁹⁶³ the latter was aimed at ‘fostering small businesses and preventing abusive tactics by CMOs’.⁹⁶⁴ Against this backdrop, such objectives were, as the US argued, attainable by exempting very small commercial establishments from being liable for the unauthorised use of transmitted musical works.⁹⁶⁵ Nevertheless, none of those objectives appeared to play a part in the Panel’s interpretation of this step.

4.5.1.2 Addressing the restrictive problem

Although this examination is not intended to dispute the Panel’s final judgment on the first criterion, the fact that it was restrictively construed is not constructive. Mere consideration of the quantity of privileged uses enabled by L&Es runs a risk of undermining copyright’s delicate balance between grants and reservations because such consideration ignores the qualitative aspect of L&Es that may serve other competing public interests.⁹⁶⁶ For example, it may result in undesirable outcomes in which sole consideration of the number of copies may arbitrarily proscribe exceptions that pursue socially valuable ends, such as the use for teaching or in libraries. Although these types of unauthorised use may generate more copies than the original right-holders do, its contribution to the dissemination of knowledge and information to the wider public is undeniable. The continuing growth and development of online communication methods has introduced some temporary or incidental acts of reproduction due to technical necessity, such as caching, time-shifting and peer-to-peer file-sharing, and these technology-empowered activities play an important role in current society closely linked to the promotion of freedom of expression and information and other social developments.⁹⁶⁷ This reflects the fundamental interests of the public that should be highly respected in the copyright regime.

Having recognised the importance of those valuable objectives, the missing

⁹⁶³ Ibid. para 6.156.

⁹⁶⁴ Ibid. para 6.115.

⁹⁶⁵ Ibid. para 6.155.

⁹⁶⁶ Ibid. para 6.111.

⁹⁶⁷ For example, by allowing caching, the efficient functioning of internet transmission systems can be safeguarded. See Copyright Directive, Recital 33.

qualitative consideration would substantially impair the balance sought; the very task that the three-step test was originally designed to maintain, and it should be factored into the consideration of certain special cases.

4.5.1.3 Alternative interpretation

A flexible interpretation of the first step could derive from more focus on qualitative aspects regarding the speciality subtest. What matters is the establishment of rational justifications pursued by a given L&E, instead of the number of copies or beneficiaries. It should make reference to freedom of expression and public policy to guarantee recognition of this qualitative inquiry. These principles play an overarching role in copyright law and underpin most of L&Es, reflecting public interest reasons in unauthorised uses of protected works.⁹⁶⁸ Their scopes also embrace the notions of transformative use, intergenerational equity, and the balance of all interests involved. The attaching of those reference points will take into account various policy objectives underlying a particular L&E within the special case assessment.

According to the WTO Panel, the reference points would have at least reminded the Panel of the task and the need to spend some time contemplating the objectives underpinning the exemptions claimed by the US. The claimed objectives are not of such an overriding nature *per se* as compared to the promotion of fundamental freedoms such as freedom of expression; thus, consideration of it will not necessarily change the outcome of the speciality test. However, it would guarantee that such qualitative consideration will have a significant influence on the way in which important L&Es are judged under the special case test. Considering the US fair use rule allowing the Google online thumbnail service as an example,⁹⁶⁹ in an absence of the qualitative consideration, the fact that technological advances have allowed copyright materials such as images to be easily reproduced online may preclude the fair use from being recognised as a special case. Allowing consideration of freedom of expression and public policy would enable the courts to not only

⁹⁶⁸ Sam Ricketson, 'The Boundaries of Copyright: Its Proper Limitations and Exceptions: International Conventions and Treaties' (1999) 56 *Intellectual Property Quarterly* 56, 61.

⁹⁶⁹ *Perfect 10 v Google* (n 732) 1146.

look at the quantity, but also the purposes underlying such unauthorised online use. The qualitative consideration of a special case will allow the interpretation of the first step to take into account other competing interests and make the interpretation flexible and more open to allow the adoption of newly-introduced or existing L&Es, including the proposed public interest defence.

4.5.2 Step 2: conflict with a normal exploitation of the work

4.5.2.1 Revisiting the Panel's interpretation

As far as the WTO Panel's report is concerned, the second step interpretation seems to revolve around consideration of rightsholders' economic interests, particularly the extent to which their exclusive rights over musical works were interfered with by the L&Es at issue.⁹⁷⁰

The Panel began by proclaiming that the phrase 'normal exploitation' stipulated that the scope of the consideration of the conflict was limited to 'something less than full use of an exclusive right'.⁹⁷¹ This implies that not every form of exploiting the work to generate economic benefit by rightsholders can be regarded as 'normal', and thereby brought into the second step's scrutiny.

The Panel then established that a conflict arose when the use of works exempted by the L&Es at issue 'enters into economic competition with the ways that rightsholders extract economic value from copyright to the work and thereby deprive them of significant or tangible commercial gains'.⁹⁷² They went on to adopt a normative construction in explaining that the speculation of such deprivation could be acquired from both 'actual and potential effects' of the economic harm caused.⁹⁷³ This second point again presupposes that not every use of the work causing adverse effects on the rightsholders' commercial gains will necessarily conflict with normal exploitation of the work. The threshold of this step correlates with the adverse effect on the author's opportunities to acquire economic benefits from a work to the degree at which

⁹⁷⁰ WTO Panel-Copyright (2000) paras 6.163-6.189.

⁹⁷¹ Ibid. paras 6.167, 6.182.

⁹⁷² Ibid. para 6.183.

⁹⁷³ Ibid. paras 6.184-86.

they are divested of a major source of income in both actual and potential markets. Up to this point, the panel's reliance on the degree of such economic harm seems to suggest that some room is left in the second step for uses that do not undermine the author's right to normal exploitation to such an extent.⁹⁷⁴

Third, in determining what constitutes a deprivation to the rightsholders' significant or tangible commercial gains, the Panel took a contrary standpoint to their previous remarks.⁹⁷⁵ They believed that 'the work' in Article 13's second condition means all the exclusive rights relating to it'; therefore, whether there was a conflict with normal exploitation of the work was closely connected with 'the possibility for rightsholders to exercise separately all three exclusive rights guaranteed under the three subparagraphs of Article 11*bis*(1)' in an attempt to benefit from primary sources of royalties arising from them.⁹⁷⁶ Having so concluded, they agreed with the EC to adopt an approach that required them to carry out separate examinations of the economic harm caused to the rightsholders' opportunities to generate income that each of the affected exclusive right individually offered.⁹⁷⁷

4.5.2.2 Addressing the restrictive problem

The problem with the Panel's approach is that it interpreted the second step by only looking through the economic lens of copyright exclusivity. By tipping the scales to the rightsholder's favour excessively, it resembles the neo-classical approach, which in theory aims to maximise the social value of intellectual works through market perfection.⁹⁷⁸ In achieving this aim, the neo-classicists' view that all economic importance of authors' creative works is reserved in both actual and future markets needs to be protected by clear and broad exclusive rights.⁹⁷⁹ By interpreting the second criterion using this

⁹⁷⁴ Ibid. para 6.182.

⁹⁷⁵ Ibid. paras 6.167, 6.182, as compared with n 971 above.

⁹⁷⁶ Ibid. paras 6.171, 6.173, 6.183. See also Art 11*bis*(1)(i)(ii)(iii) Berne Convention, which confers the right to communication to public by wireless means, by wire means and by loudspeaker or any other analogous means transmitting the broadcast of the work.

⁹⁷⁷ Ibid. paras 6.173, 6.174.

⁹⁷⁸ Neil Netanel, 'Copyright and a Democratic Civil Society' (1996) 106 YLJ 283,309-310. The neo-classical theory and the natural law copyright concept are similar in terms of their recognition of broad exclusive rights protection combined with narrowly-defined L&Es.

⁹⁷⁹ Ibid. 312-15.

approach, rightsholders are endowed with rights over all exploitation forms in all actual and potential markets. An individual calculation of market impairment on the exploitation of each right conferred by the three subparagraphs has to be carried out to demonstrate the extent to which, for example, the ‘business exception’ constitutes a conflict with one of the conferred rights. This restrictive approach takes for granted the possibility that the lion’s share of royalties may have been derived from the exploitation of only one of them.⁹⁸⁰

It may be clear that the actual and potential economic harm to the author’s sources of royalties caused by the business exception is substantial.⁹⁸¹ However, the approach that subdivided the broad exclusive right into small portions could be inappropriate as a basis under which the second criterion is interpreted as it ignores L&Es that do not constitute an economic impairment. They would more likely be held in conflict with the normal exploitation, even before their socially valuable aspects were evaluated in the third step⁹⁸² because the reference to individual exclusive rights requires copyright to be subdivided along the lines of the international exclusive rights system.⁹⁸³ This requirement leads to an assumption that even economic harm to the author’s exploitation forms enabled by one of the internationally recognised exclusive rights would suffice to constitute a conflict, regardless of the scope and economic value of the exclusive right at issue.⁹⁸⁴ This results in the restrictive interpretation of the overall three-step test wherein the low threshold of the conflict of normal exploitation in the second step prevents L&Es from progressing to the third step’s balancing exercise. As a result, the test leaves little space for other important interests underpinning the L&Es to be accommodated within the copyright framework.

⁹⁸⁰ WTO Panel-Copyright (2000) para 6.173.

⁹⁸¹ Ibid. paras 6.206, 6.122, 6.124 and 6.127, as demonstrated in the report, there were approximately 73% of all drinking, 70% of all eating, and 45% of all retail establishments in the US entitled to the business exception.

⁹⁸² Senftleben (n 780) 33, 190.

⁹⁸³ Ibid. 189.

⁹⁸⁴ Ibid.

4.5.2.3 Alternative interpretation

As a matter of maintaining copyright's balance, the second step must leave some space for L&Es to achieve their objectives. To do this, the interpretation of this step should be made flexible by taking freedom of expression and public policy as reference points. Despite its main component being centred on the economic interests of rightsholders, the importance of other competing interests underpinning L&Es should not be abolished from this second stage, and it should not be the fulcrum of the entire three-step test. The suggested reference points are not necessarily intended to distance the second step from its emphasis on the rightsholder's economic interests, but rather to ensure that some L&Es serving socially valuable ends are not unreasonably barred from making their way to the final step.

The determination of an economic harm based on separate examinations of individual exclusive rights could be too restrictive to achieve copyright's balance. By adopting the reference points, the second step will be subject to more flexible interpretation, and this will allow other fundamental interests and copyright's balance to be maintained. In so doing, the degree of impairment to the rightsholders' economic interests will not be determined in a way that arbitrarily takes precedence over other public interest considerations in this step, and the reference to all individual exclusive rights will be replaced by an alternative reference to the whole bundle of exclusive rights. The latter will focus more on the profitability of the market by considering the extent of 'the share that a specific form of exploitation has in the overall commercialisation of a work'.⁹⁸⁵ In other words, the standard used for assessing the economic harm to the major source of the rightsholder's income is based on the interests in the overall commercialisation of a particular affected work, not the interests in profiting from each individual exclusive right in each sub-market.⁹⁸⁶

This interpretative approach is more closely aligned with the practical ways of marketing the work. L&Es could 'draw more resources away from the

⁹⁸⁵ Ibid. 189-190.

⁹⁸⁶ Ibid. 189.

reproduction right than from a small exclusive right’,⁹⁸⁷ and such an approach allows the test to be more welcoming to other interests in the copyright regime, and thus provides more opportunities for valuable L&Es to survive the test. This proposal helps reduce the restrictiveness of the second step by shifting from the ‘every single individual exclusive right granted’ benchmark to ‘affected exclusive rights in overall commercialisation’.

4.5.2.4 L&Es under the flexible second step

Having explained the merits of the proposed reference points enabling the flexible interpretation, it is necessary to examine particular L&Es under the recalibrated interpretation of the second step. While this may not lead to significant change in the WTO Panel’s judgment on the business exception,⁹⁸⁸ it is an example of how the flexible interpretation could make some future contribution to emerging L&Es. Against this background, it is worth putting some unauthorised uses permitted by the proposed public interest defence to the test.

The defence encompasses use of photographs or documents for quotation, criticism or parody in relation to matters triggering public interest debates such as political rumours affecting democratic society, national security issues, or even celebrities’ bad role-modelling behaviour. Given that those unauthorised uses come under second step scrutiny, the reference points could contribute to the flexible interpretation. With determination of the economic harm caused by this socially valuable use, the restrictive interpretation would focus only on the number of unauthorised copies and the harm caused to the rightsholder’s right to reproduction, but the flexible approach will call for a better scrutiny of such market impairment. It will determine harm by looking into the overall picture of the way rightsholders commercialise a given material, and it is unlikely that the markets for quotation, criticism or parody are the main sources from which the rightsholders would normally generate revenue. Thus, any effect caused by such activities could not be expected to constitute a substantial market impairment to rightsholders’ right to normal exploitation.

⁹⁸⁷ Ibid. 191.

⁹⁸⁸ WTO Panel-Copyright 2000 paras 6.206-7.

By assessing the harm more broadly, the flexible interpretation will simultaneously reserve some space in the second step for other public interest justifications. While the reasonableness of such justifications is not considered until the third step, the reference to freedom of expression and public policy would ensure that important justifications and public benefits behinds are thought of in the second step. These could stem from the likelihood that quoting, criticising or satirising the works may encourage current users to build their own creativity. This lies at the core of the intergenerational equity concept, which favours transformative uses that stimulate the cultural diversity and freedom of expression. Such uses could also bring benefit to the rightsholders introducing more users to the rightsholder's work. Given these effects, these types of uses should not simply be deemed as in conflict with the works' normal exploitation by subjecting it only to the restrictive interpretation of the second step. Ignoring publicly valuable justifications underlying the public interest defence risks unreasonable outcomes that undermine the entire function of the test.

4.5.2.5 Summary

The proposed reference points make the second step flexible by reserving some room for other important objectives served by L&Es to justify unauthorised use. The inherently dominant benchmark of this second criterion is closely connected with the rightsholder's economic rights; thus, the rightsholder is on a better footing than other parties, but normal exploitation is by no means the only form of exploiting a work. As a result, the second step merely functions to filter out L&Es that exempt large-scale unauthorised use.⁹⁸⁹ This concept is supported by the remarks of the Main Committee I of the Berne Convention that 'if the photocopying consists of producing a very large number of copies, it may not be permitted, as it conflicts with a normal exploitation of the work'.⁹⁹⁰ This step thus acts as a gateway to allow only well-qualified L&Es to proceed to the core of the copyright balancing process in the third step. This also corresponds with the need to refer to the notions of freedom of expression

⁹⁸⁹ This refers to works that could not be said to contribute to anything creative or socially valuable, either in cultural diversity or public interest senses.

⁹⁹⁰ Records 1967 (Vol II) (n 880) Minutes of Main Committee I, 1145-1146.

and public policy while interpreting the second criterion to ensure that socially valuable L&Es are not ruled out at this early stage. The rightsholder's exclusive rights and those social values underlying L&Es, which have not yet been thoroughly examined in the first two steps, will be balanced out in the final step.

4.5.3 Step 3: Unreasonable prejudice to the legitimate interests of the right-holder

As it is the final step of the test in which all interests are tested and balanced, interpreting step 3 in a restrictive manner will not lead to a satisfactory outcome for copyright law or meet its objectives. Nor is it likely to serve the need to keep pace with the changing copyright environment and the public interest. In the search for an effective and balanced interpretation, this section will recall the WTO Panel's restrictive interpretation (section 4.5.3.1), address the issues arising therefrom (4.5.3.2) and propose an alternative approach to interpreting this final step (4.5.3.3).

4.5.3.1 Revisiting the Panel's interpretation

To recap the WTO Panel's judgment regarding the final step,⁹⁹¹ the Panel noted at the outset that this step entailed the need to consider justifications on both sides – the legitimacy of the rightsholder's interests and the reasonableness of other competing interests underpinning L&Es. As regards the former, the Panel initially seemed to base its view on the normative perspective⁹⁹² by stating that the concept of interests was not necessarily restricted to only an economic sense.⁹⁹³ However, it was contradictory when the Panel later determined what were legitimate interests by merely quantifying 'the economic value of the exclusive rights conferred by copyright on rightsholders'.⁹⁹⁴ This could only be understood to indicate that they relied on the legal positivist view instead.⁹⁹⁵ This line of reasoning also appeared to influence the calculation of reasonable prejudice. The Panel held that the

⁹⁹¹ WTO Panel-Copyright (2000) paras 6.244 – 6.251.

⁹⁹² Ibid. para 6.224.

⁹⁹³ Ibid. para 6.223.

⁹⁹⁴ Ibid. paras 6.226, 6.227.

⁹⁹⁵ Ibid.

prejudice became unreasonable when it constituted, or was likely to constitute, ‘an unreasonable loss of income to the copyright owner’.⁹⁹⁶ Having established this, the subsequent substantive analysis centred on estimations of the potential economic effects, which were the number of privileged beneficiaries and the loss of revenue suffered by the rightsholders. Thereafter, detailed economic considerations appeared to dominate the rest of the report.⁹⁹⁷

4.5.3.2 Addressing the restrictive problem

The interpretation of the two conditions contained in the third step is purely driven by economic concerns. This indicates that the final stage is merely a repetition of the second step, which develops in more detail how the calculation of actual and potential market impairment suffered by the rightsholders should be conducted. The most peculiar aspect about this line of thought is that it fails to take into consideration, or even to mention the importance of, other affected countervailing interests underlying the exceptions at issue despite the long-established understanding that step 3 is intended to embrace the calibration process where divergent interests encounter and are finally reconciled.⁹⁹⁸ The misconstrued third criterion clearly marks the inconsistency of the Panel’s interpretation of the test with its historical and contextual backgrounds, and contrary to the purpose of incorporating the test into international copyright treaties.⁹⁹⁹ This contradiction is clearly evident when the third step was interpreted by the Panel in a way that failed to take into account the objective of balancing rights and obligations under Article 7 TRIPS.¹⁰⁰⁰ Prior to the enactment of substantive provisions, the study groups of both of the Berne Convention and WCT also established a similar proposition that increasing copyright protection must be balanced against other important societal interests, such as education and freedom of information.¹⁰⁰¹ Clearly, no support of the restrictive interpretation could be sought from any of such

⁹⁹⁶ Ibid. 6.229.

⁹⁹⁷ Ibid. paras 6.237-6.266, mostly regarding the business exception.

⁹⁹⁸ Martin Senfleben, ‘Beperkingen a la carte: Waarom de Auteursrechtlijn ruimte laat voor fair use’ (2003) *Tijdschrift voor Auteurs-, Media-&Informatierecht* 10, 12-13.

⁹⁹⁹ Ibid.

¹⁰⁰⁰ Ibid.

¹⁰⁰¹ See the dualistic objectives of Berne Convention in Records 1967 (Vol I) (n 877) para 12.09.

international copyright treaties.

The Panel also failed to justify its own considerations about the test's origin and the important function of its third step. In their analysis of the origin of Article 13 TRIPS, the Panel considered the guidance on the interpretation of Article 9(2) of the Berne Convention given by Main Committee I of the 1967 Stockholm Conference:

‘If it implies a ‘rather large’ number of copies for use in industrial undertakings, it may not unreasonably prejudice the legitimate interests of the author, provided that, according to national legislation, an equitable remuneration is paid. If a ‘small’ number of copies is made, photocopying may be permitted without payment, particularly for individual or scientific use’.¹⁰⁰²

It is unfortunate that the Panel did not realise that the third step should be interpreted and function to address the intersection between diverging interests. The statement indicates that the balancing exercise takes place where the purpose of the use (photocopying) causing harm to the rightsholder's legitimate interests is taken into account. It also suggests that the third step could provide a platform where the reasonableness of such harm is weighed up the rightsholder's interests to establish whether the use is permissible, with or without remuneration.

The Panel's interpretation of the third step is overly focused on the rightsholder's economic interests and too restrictive for copyright law to serve the wider public interest and the need to keep pace with technological and social developments. The third step should be interpreted more flexibly, taking into account both rightsholders' and other competing interests.

4.5.3.3 Alternative interpretation with the reference points

The analysis below will suggest an alternative interpretation of the third step. This is done by re-establishing its general understanding, unfolding its balancing components, and introducing more flexibility into the interpretations

¹⁰⁰² WTO Panel-Copyright 2000 para 6.73. Records 1967 (Vol II) (n 880) Minutes of Main Committee I, 1145.

of those components with reference to freedom of expression and public policy.

Article 13 of TRIPS states that: '[l]imitations or exceptions do not unreasonably prejudice the legitimate interests of the rightsholder'.¹⁰⁰³ This raises three issues. First, unlike the second step, the use of 'interests' instead of 'rights' could imply that rightsholders and users may stand on an equal footing when it comes to balancing divergent interests in step 3.¹⁰⁰⁴ Second, the use of 'legitimate' suggests that only the interests of rightsholders are deemed legitimate matters; an assessment taking place in this step does not take into consideration every single interest enjoyed by them. Third, the use of 'reasonable' also indicates that, although every L&E serving other interests causes prejudice to the rightsholder's interests to a greater or lesser extent, only reasonable ones are permissible. Finally, the use of all these three terms leads to the conclusion that a fair balance needs to be struck between an impairment caused to individual rightsholders and the parallel benefits gained by the users. This line of reasoning reveals the significant role of the third step, as analogous to that of the proportionality test.¹⁰⁰⁵

If these flexible terms were considered alongside the history of the test, it would create an adjustable balance between grants and reservations of copyright, and the general function of the third step could then be explained in light of the principles of proportionality and balance. Whether the outcome of this final process is deemed 'proportionate' is contingent on whether the harm caused by the need to serve other interests is unreasonable or not. The third step should examine how justifiable the means (L&Es) used to attain such an end is.

The cornerstone of the third step is that it gives no favour to grants or

¹⁰⁰³ TRIPS, Art 13.

¹⁰⁰⁴ Senftleben (n 780) 210.

¹⁰⁰⁵ Jeffrey Jowell and Anthony Lester, 'Proportionality: Neither Novel nor Dangerous' in Jeffrey Jowell and Dawn Oliver, *New Directions in Judicial Review* (Stevens 1988) 52-56. The role of the long-established proportionality test in Germany (*Angemessenheit*) and France (*le bilan coût-avantages*) requires a balancing exercise to be carried out between the injury to individual rights and the corresponding gain to the community.

reservations;¹⁰⁰⁶ thus, the proportionate outcome should be achieved by equal examination of the justifiability of both sides of the copyright spectrum. Wherever in the spectrum such two ends intersect is where copyright's balance lies, and clearly compromise is required.

Consequently, there are two balancing tasks in the third step to be fulfilled, drawing on the influences of freedom of expression and public policy: identifying the rightsholder's legitimate interests and avoiding unreasonable prejudice. Recognising the third step's function in this way can help ensure that copyright law is able to remain sufficiently flexible and up to date for maintaining the balance between grants and reservations as the surrounding environment evolves.

Legitimacy of the rightsholder's interests

A flexible interpretation of the first balancing task empowered by the reference points will lead to wider-ranging considerations of the rightsholder's interests. It will take into account not only economic, but also other important values underlying those interests. This proposition is not reflected in the Copyright Panel's ruling, but in the Patent Panel's approach in interpreting the third step of Article 30 in the patent case.¹⁰⁰⁷ Part of this final step's function is to examine the justifiability of the rightsholder's interests, as only legitimate interests should influence the balance. Two different approaches have been taken by different WTO Panels.

The Copyright Panel clarified the meaning of 'legitimate' interests through the partial adoption of the legal positivist approach.¹⁰⁰⁸ This conservative approach primarily views the rightsholder's interests through the economic lens. Hence, what defines legitimate interests goes hand-in-hand with the economic value of copyright exclusivity conferred on the rightsholders¹⁰⁰⁹ and loss of

¹⁰⁰⁶ Senftleben (n 780) 212.

¹⁰⁰⁷ WTO Panel - Patent (2000).

¹⁰⁰⁸ WTO Panel - Copyright (2000) para 6.227. Although the Copyright Panel implied that the normative view taken by the Patent Panel was not to be ignored, the subsequent analysis shows that the economic interests became a decisive factor in this step.

¹⁰⁰⁹ Ibid.

rightsholders' income plays an influential role.¹⁰¹⁰ Were this approach adopted, the overall interpretation of the third step could be restrictive and its function would be nowhere close to balancing divergent interests. It would merely repeat the second step – extinguishing what constitutes an encroachment to the rightsholder's economic interests. Given that all L&Es could constitute prejudice to the rightsholder's interests to a greater or lesser extent, this excessive focus on the economic aspect may have a detrimental impact on the threshold of the second element of the third step – reasonableness of prejudice. It could result in a repeat of the second step's outcome where nearly all L&Es would be held as constituting unreasonable prejudice.

A different and more flexible approach to defining legitimate interests was adopted by the WTO Patent Panel.¹⁰¹¹ A normative approach was adopted to endorse the view that legitimate interests are 'interests that are justifiable in the sense that they are supported by relevant public policies or other social norms that underlie the protection of exclusive rights'.¹⁰¹² In this context, there are several public policy considerations justifying copyright protection. The promotion of cultural diversity can be recognised as the most far-reaching, as it embraces both the natural law and the utilitarian arguments.¹⁰¹³ Therefore, an essential question to ask when examining the legitimacy of author's interests is whether any economic or non-economic interest that the rightsholder enjoys is justified by one or more of the rationales of the copyright protection under the rubric of cultural diversity. If not, the interest in question cannot be legitimate.

The preferred normative approach and its merits

The approach adopted by the Patent Panel corresponds to the proposal to introduce more flexibility into the third step's interpretation through the reference points and the recall of the test's balancing function. This approach has several advantages. First, the flexible interpretation of legitimate interests of copyright protection implies that the examination is not limited to the

¹⁰¹⁰ Ibid. para 6.229.

¹⁰¹¹ WTO Panel – Patent (2000).

¹⁰¹² Ibid. para 7.69.

¹⁰¹³ See Senftleben (n 780) sections 2.1.2 and 2.1.3. This objective lends weight to several concepts regarding grants of protection including personal satisfaction and promotion of freedom of expression.

interests of only the rightsholder; it is open to those of third parties.¹⁰¹⁴ Second, the rightsholder's interests in respect of the work represent two sides of the same coin – prohibiting others from dealing with the work while being rewarded for the intellectual creation. By looking at the interests through the economic lens, only those two major interests can be deemed legitimate and any others would be excluded, regardless of social value. This could slow down or even frustrate the development of copyright law in the rapidly changing copyright environment.¹⁰¹⁵

The Patent Panel's normative approach determines the legitimacy of the rightsholder's interests based on whether a given interest promotes cultural diversity, and this echoes the reference points approach proposed. Taking into account freedom of expression and public policy while examining what interests are legitimate could provide strong support for the adoption of 'the promotion of cultural diversity' benchmark. This would enable copyright to continue maintaining the balance between grants and reservations while keeping pace with the social developments.

In step 2, it may be legitimate for a rightsholder to exercise their interest in forbidding the L&Es that exempt a 'very large' scale of unauthorised uses of the creative work, because to consider otherwise might interfere with their economic right to normal exploitation, but this economic approach should not be repeated in the third step. Considering the two primary interests of rightsholders, assessment of cultural diversity is more suited to the reconciling nature of the final step, because the rightsholder's interest in prohibiting L&Es that contribute to the dissemination of knowledge, the useful intellectual property debate, or the promotion of intergenerational equity is illegitimate because it would suppress cultural diversity.¹⁰¹⁶ The rightsholder's other main interest in being remunerated can always be found legitimate, but this can be achieved without suppressing cultural diversity by rewarding remuneration as an incentive to the rightsholders and permitting the L&Es to serve their ultimate

¹⁰¹⁴ See TRIPS, Art 30, to which the phrase 'taking account of the legitimate interest of third parties' was added.

¹⁰¹⁵ Compare this remark to those in WTO Panel – Patent 2000 para 7.69.

¹⁰¹⁶ Ibid.

objectives.

Examples

It is clearly evident that L&Es for research and study encourage the dissemination of the work and free speech. Uses permitted by these L&Es might also generate extra income to the rightsholder through future licensing, as they draw more users to the work. To prevent these uses would not guarantee that the rightsholder would be better off and more incentivised to produce further creations. Therefore, instead of allowing the rightsholder's claim of economic interests to quash the L&E, it is better for all affected parties and society at large to examine the legitimacy of the rightsholder's interests through the cultural diversity lens. Here, only the interest of being remunerated by unauthorised use should be deemed legitimate. In an opposite scenario, however, it might be the case where less cultural diversity could be promoted by permitting L&Es than by proscribing them.¹⁰¹⁷ The interest of preventing further loss of income by abolishing consumptive use permitted by such exemption may be deemed legitimate.

The Patent Panel's normative approach reflects the proposed approach to freedom of expression and public policy in determining the legitimacy of the rightsholder's interests. Both base their considerations on the promotion of cultural diversity which will in turn help introduce more flexibility into the interpretation of the first subtest of the third step. It will also produce a positive effect on the subsequent 'reasonableness of prejudice' subtest by guaranteeing the legitimacy of, not only economic interests, but also other interests in protecting copyright. This guarantee will promise a fair opportunity for the interests of both sides to be balanced in the final stage of the three-step test.

Reasonableness of prejudice

With freedom of expression and public policy, the interpretation of what is the final balancing exercise – the test of reasonableness of prejudice – could be flexible. This would allow the balance to be struck between individual losses and community gains represented by the rightsholder's and users' interests,

¹⁰¹⁷ See, for example, the business exception in 17 USC s.110(5)(b).

respectively. The reference points provide flexibility by ensuring that the importance of considering the latter aspect of interests pursued by the objectives behind a particular L&E is not overlooked in this final stage. This is, however, not a proposition with which the WTO Copyright Panel appears to agree.

At first, the Panel found it ‘necessary to develop an interpretation of the term “prejudice” and what amount of it reaches a level that should be considered “unreasonable”’.¹⁰¹⁸ However, there was not granularity provided in their subsequent analysis. In fact, it simply stated that:

‘prejudice to the legitimate interests of rightsholders reaches an unreasonable level if an exception or limitation causes or has the potential to cause an unreasonable loss of income to the copyright owner’.¹⁰¹⁹

This economic-dominant concept later became a decisive factor in determining the reasonableness of prejudice caused by the business and homestyle exceptions.¹⁰²⁰ Regardless of the final outcome, the concept resembles the benchmark used in the second step for establishing the conflict with normal exploitation, in which the scale is tipped in favour of the right-holder’s economic interests.¹⁰²¹ Given the three-step test as a place where recalibration between grants and reservations takes place,¹⁰²² this seems contrary to what should be the cornerstone of its final step. The Panel should at least have spent some time considering objectives underlying such exceptions and demonstrated what the balancing exercise should take into account and how it is conducted. Despite being in conflict with individuals’ interests, other justifiable purposes that a particular L&E pursues, especially those of public importance, should be examined in the final balancing process.

Reference to freedom of expression and public policy could help provide a solution to this defective restrictive interpretation and demonstrate the necessity to provide proper scrutiny, not only of the extent of the economic

¹⁰¹⁸ WTO Panel – Copyright (2000) para 6.222.

¹⁰¹⁹ Ibid. para 6.229.

¹⁰²⁰ Ibid. paras 6.251-6.270.

¹⁰²¹ Ibid. para 6.228.

¹⁰²² Senftleben (n 780) 36.

injury suffered, but also of the reasonableness of what causes such injury. L&Es causing economic injuries to the rightsholder mostly serve to promote fundamental interests in freely receiving and communicating information and ideas and in protecting the public from abuse of rights. Therefore, having due regard to those points while interpreting this final subtest will in general ensure fair and reasonable examination of the objectives behind what causes prejudice. The following sections (4.5.3.4 and 4.5.3.5) will therefore illustrate in detail to what extent the reference points could help shape the alternative interpretation to be sufficiently flexible and suitable for coping with the intermittently shifting copyright's balance.

4.5.3.4 An alternative interpretation of 'reasonableness'

After having identified the rightsholders' legitimate interests, the other constituent part of the third step deals with justifiability on the user's side. In essence, 'this element carries on where the first criterion left off'.¹⁰²³ At first, having qualitatively passed the first criterion guarantees that a given L&Es is underlined by certain justifiable objectives serving cultural, social or economic objectives. Nevertheless, when it comes to a more thorough third step assessment, just a mere existence of such objectives would not suffice for the L&Es to survive the test. In fact, as suggested earlier, the reference to the doctrine of public policy is generally intended to recall to the test the need to strike an appropriate balance between the rights of individual and the rights of community. The need to strike such balance in turn reflects the bedrock of the principle of proportionality,¹⁰²⁴ which has long been one of important themes that runs through the ECJ and ECtHR jurisprudence.¹⁰²⁵ Therefore, in light of the public policy, the final subtest would be required to examine magnitude and intensity of the pursued objectives underlying L&Es.¹⁰²⁶ In doing so, it is

¹⁰²³ Senftleben (n 780) 235.

¹⁰²⁴ See relations between the principles of fair balance and proportionality in Mowbray (n 604) 308-316.

¹⁰²⁵ See, for example, CFREU, Article 52(1) and the ECJ case law – Case C-283/11 *Sky Österreich GmbH v Österreichischer Rundfunk*, 22 January 2013. See also ECHR, Arts 8-11 and the ECtHR case law – *Ernst v Belgium* (2004) 39 EHRR 724 [104]; *Krone Verlag GmbH & Co KG (No 2) v Austria* (2004) 39 EHRR 906 [42].

¹⁰²⁶ By analogy, this requirement reflects the need to consider the legitimacy of the aim, the suitability and necessity of the measure interfering with the fundamental rights protected by the CFREU. See, for example, case C-283/11 (n 1025) paras 51-55.

suggested that the following aspects of proportionality are duly examined – suitability and necessity.¹⁰²⁷

Suitability

As regards suitability, it must be confirmed whether an L&E that imposes limits on exclusive rights is suitable for achieving the objective it pursues.¹⁰²⁸ If not, it cannot be suitable. One clear example is L&Es regarding personal use for research and study. This type of L&E allows productive uses of copyright materials as a basis for further creations. This could in turn promote the dissemination of information and knowledge, which is in the public interest. Also, the nature of personal research and study cannot be said to cause unreasonable economic harm in actual or potential markets where the original books or materials at issue are commercialised. Therefore, the prejudice caused is deemed suitable for achieving the objective pursued.

If such an L&E permitting the personal use has a hidden profit-driven motive then the objective is not personal use, but rather economic advantage, and the economic harm caused would not fulfil the claimed underlying objective.

Necessity

The examination of reasonableness of prejudice encompasses the test of necessity or the so-called ‘less restrictive alternative’ requirement.¹⁰²⁹ It establishes that a given L&Es must be the least harmful means of attaining the pursued objective, causing the minimum injury to the rightsholder’s legitimate interests.¹⁰³⁰ If this is the case, the L&E is deemed necessary for achieving its objective.

This determination is illustrated in the following two scenarios concerning two different practices exempted by the library exception. The first relates to the broad practice, which allows users of library services to browse its online

¹⁰²⁷ Ibid.

¹⁰²⁸ Jowel and Lester (n 1005) 52.

¹⁰²⁹ This has been well-recognised in ECJ jurisprudence. See, for example, Case 11/70 *Internationale Handelsgesellschaft v Einfuhrund Vorratsselle Fur Getreide und Futtermittel* (1970) ECR 1125 paras 8-12; Case 114/76 *Bela-Muhle v Grows-Farm* (1977) ECR 1211 para 7.

¹⁰³⁰ Senftleben (n 780) 236.

system and download electronic copies of works as they choose. The second concerns the narrow practice in which types of online users are individualised by a refined library system, capable of identifying those whose use tends to contribute to later creations, such as researchers and students. This system allows them to download only material relevant to their subjects.¹⁰³¹

These two personal use-like practices seek to achieve the same important objective of disseminating information with the same effectiveness. The difference is that the latter is capable of limiting the users to a certain group of potential beneficiaries of the L&Es. Thus, the latter has lesser impact on the commercialisation of the works in the digital market and causes less harm to the rightsholder's economic interests. Adopting L&Es that permit the former practice is unnecessary and constitutes unreasonable prejudice to the rightsholder's legitimate interests.

There has been an ever-increasing public interest in using protected works in parallel with a growing exchange of knowledge, ideas and information through advanced technology and online activities. It may still be restrictive for the third step, as a final balancing process, to entirely frustrate these productive uses with commercial implications merely on the basis of unreasonable prejudice to individual interests. There should be a mechanism whereby individual loss can be reconciled, taking account of other important interests and the broader public benefits arising from such unauthorised use.

4.5.3.5 Making prejudice reasonable by the payment of remuneration

Simply that L&Es fail to meet the reasonableness requirement should not necessarily lead to the conclusion that they cannot pass the third criterion. Besides the subtests of suitability and necessity, the test of reasonableness is also equipped with the 'payment of remuneration' mechanism. This has long been established and applied by the courts as a reconciling tool in mitigating the magnitude of prejudice against the rightsholder's economic interests.¹⁰³² The principle originated in a statement made at the 1967 Stockholm

¹⁰³¹ Ibid. 206.

¹⁰³² *Hannover (TIB)* (n 923) 1000-1001; *ProLitteris* (n 926) 990.

Conference:

‘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 the photocopying implies a *rather large* number of copies for use in industrial undertakings, it may not unreasonably prejudice the legitimate interests of the author, provided that, according to national legislation, *an equitable remuneration is paid* [emphasis added]. If a small number of copies is made, photocopying may be permitted *without payment*, particularly for individual or scientific use.’¹⁰³³

The reference points do not contribute to the initiation of the remuneration system *per se*, since the system has already been entrenched in the third step. Making reference to freedom of expression and public policy simply allows the interpreter to pay due attention to the values of other countervailing interests and the need to strike a fair balance among them. This might help unearth the crucial function of the third step, which, as copyright has evolved, might have long been forgotten.

The statement from the 1967 Conference has several implications which can be developed in support of the proposed flexible interpretation of the third criterion. The second sentence promises not only the existence, but also the functioning of the payment of remuneration within the three-step test. The first sentence reflects the second step of the test in asserting that L&Es of unreasonably harmful effect on the rightsholder’s exploitation’s rights should be abolished,¹⁰³⁴ and the remaining sentences reflect the third step’s capability in implicitly enabling prejudice to be made reasonable by ways of remuneration paid to the rightsholder. This is subject to the condition that such L&Es are underpinned by one of the competing interests that must not be entirely outweighed. Those interests could be, for instance, freedom of expression, dissemination of information and knowledge, or the right to be protected from harmful exercise of copyright. The remuneration process is used when the scope of L&Es, despite serving prevailing objectives, is reasonable when compared to the harm suffered by the rightsholder. The

¹⁰³³ Records 1967 (Vol II) (n 880) Minutes of Main Committee I, 1145-46.

¹⁰³⁴ Ibid.

question of how much to be paid depends on the extent to which the reasonable limit is overstepped.¹⁰³⁵

Although such payment is proposed as an effective tool for reconciling those interests, the amount desired by the rightsholder must still be equitable because, while this compensation seeks to provide adequate incentive for further creations, the rightsholder must be prevented from demanding an amount higher than the actual economic injury suffered.

As indicated by the last sentence of the statement, this special feature of payment is separate from the other two: suitability and necessity. It is not necessary that the remuneration is always granted as a guarantee of the availability of a less restrictive L&Es, otherwise, uses accompanied by payment would always have been more reasonable than those unaccompanied; thus, the latter type would never pass the necessity subtest. This would undermine the concept in the last sentence that the unauthorised use may be permissible without remuneration, such as for personal or scientific purposes.

Examples

With teaching, it is irrefutable that the use of schoolbooks serves important social and cultural interests, but the author's creation is primarily aimed at generating an income through the sale of his books to academic institutions. It seems unreasonable to allow others to freely use copies of the book in the potential market from which the author could reasonably have expected to earn money. In so allowing, one certain outcome is that the author's major source of income is substantially encroached. Leaving him empty-handed would constitute an unreasonable prejudice to his legitimate economic interests, regardless of the valuable contribution made by the unauthorised use. This is a situation where the divergent individual and other interests need to be reconciled by ways of remuneration. The author will be able to reap the benefits of his investment while the scope of the use can be kept within

¹⁰³⁵ See Sam Ricketson, *The Berne Convention for the Protection of Literary and Artistic Works* (Kluwer 1987) 520. It is not the intention of this thesis to provide a detailed calculation method, but payment of lump sum is preferable, given the difficulty of ascertaining the exact amount the rightsholder would have obtained absent the unauthorised use.

reasonable limit and permitted to continue benefiting wider society.

If the schoolbook is used by an individual for the purpose of personal research, this practice may be permitted without an obligation to pay remuneration because the nature of the use is capable of contributing to social benefits and cultural diversity in the future, and the economic harm stemming from the unauthorised use is minimal and unlikely to deprive the rightsholder of their major source of income. In fact, there seem to be no close connection between the use and the author's major market. This suggests that the prejudice caused is already kept within a reasonable limit, otherwise the interests in frustrating and being remunerated from such use would be deemed illegitimate and not proportionate to the corresponding societal gains.

4.5.3.6 Summary

Having passed the criteria set out in the first and second steps, the L&Es at issue are tested in the final third step, which should, as proposed throughout this chapter, be interpreted in a more flexible and balanced manner. With reference to freedom of expression and public policy, this step would function in a way that takes due account of the suitability and necessity of other interests that intersect those of the rightsholder. The reference points would also help recall the balancing tool of remuneration into the final balancing exercise in which the rightsholder's exclusive rights and other competing interests served by the L&Es can be reconciled. There are two different outcomes the third step would bring.

First, the use enabled by the L&Es in question is prohibited or is permitted without the payment of remuneration. This is because the justification underlying L&Es must be so prevailing that, under certain conditions of suitability and necessity, it outweighs the underlying rightsholder's interests, or *vice versa*. This is usually evident an interest in making the L&Es permissible is better suited for promoting copyright's balance than that in prohibiting it, or when the L&E in question is not necessary because there is a less harmful means available, more suitable for achieving the objective pursued. The rightsholder's interests in proscribing such L&Es can be deemed legitimate and thereby more proportionate to promote such balance.

Second, one should consider the circumstance where there exist weighty justifications on both sides of the interests, each of which should not be totally disregarded. In such a case, an obligation to pay remuneration will provide balance by minimising the rightsholder's economic injury caused by the L&Es to a level deemed reasonable. Unlike the WTO Copyright Panel's restrictive approach, this should be the way to interpret the third step of the test as the final balancing exercise.

4.6 Conclusion

The three-step test governs L&Es to copyright protection. At the outset of this chapter, it was argued that the restrictive interpretation of the test adopted by the WTO Copyright Panel is not preferable because such an interpretative approach confers excessive favour on rightsholders. This results in a situation where L&Es are arbitrarily precluded from pursuing other important social, cultural and economic objectives. This would in turn prevent copyright law from recalibrating and striking a fair balance between individual's and larger public interests in response to rapidly changing copyright environment.

Against this backdrop, the test should be re-interpreted in a more flexible manner. The need for flexible interpretation is evident in the analysis of regional and national copyright case law, in which different served by various L&Es had been adversely affected by an influence of the WTO Copyright Panel's approach. By adopting a flexible interpretation, there will be more certainty conferred on those resorting to the statutory private use exception provided in the French copyright law, without fear of being in conflict with rightsholders' normal exploitation.¹⁰³⁶ The conditions set out in the Belgian news report exception could also have been made more lenient to accommodate the use of quotations in the online news service provided by Google.¹⁰³⁷ The resort to some *ad hoc* external doctrines such as the US fair use or other fundamental freedoms to safeguard their domestic interests would then no longer be needed.

¹⁰³⁶ *The Mullholland Drive* (section 4.2.2.2).

¹⁰³⁷ *Google Inc v Copiepresse SCRL* (Section 4.2.2.2).

More flexibility can be introduced into the interpretation of the test by making reference to freedom of expression and public policy which will help prevent other competing interests served by L&Es from being taken for granted in each step of the test. They do so by requiring the first step of the test to consider not only the quantitative, but also the qualitative aspects of a given L&Es. In the second step, they would help reduce the extreme focus on the rightsholder's economic interests and introduce space for important countervailing interests. In the third, the reference points would guide the final balancing exercise in a way that balances the rightsholder's legitimacy against the reasonableness and necessity of the prejudice caused, subject to the test of proportionality.

This flexible interpretation would allow the test to embrace the considerations of other important social, cultural and economic interests served by L&Es. It would create an opportunity for newly emerging L&Es, especially the proposed public interest defence, to pass the test and play its overarching role as a refuge to accommodate the prevailing public interest. This is needed for copyright law to maintain its delicate balance and to thrive and progress at the same speed as technological communication advances.

One aspect of the proposed defence confers a strong sense of the right of freedom of expression. Two examples are worth considering. The first is a situation where there is a clear public interest in knowing about the political or national security messages contained in a document written by an individual who claims to have copyright over it. A journalist who obtains the document from an anonymous source discloses the underlying matter in a newspaper without any authorisation. The question arises as to whether their claim of the public interest defence as a basis of their activity would be sufficiently reasonable to satisfy the third criterion. In this respect, the reasonableness of the prejudice caused by the defence must be examined. There is a strong public interest in exercising the right to freedom of expression by making such matter publicly available, and revelation through the newspaper thus seems to be the least restrictive and the most suitable means of achieving the objective underlying the defence. As regards the legitimacy of the rightsholder's interests, it is not in dispute that copyright confers on the author the exclusive rights to exploit the document. However, under the flexible interpretation, only

the interests in connection with the promotion of cultural diversity would be found legitimate. In this case, while economic interests could help provide incentives for promoting more creation, the rightsholder does not seem to have such interests in securing commercial gains over the document. Therefore, the harm caused to their legitimate economic interests seems so trivial that it should be outweighed by the competing freedom of expression justification underlying the defence, without remuneration.

If it is proven that the rightsholder intend to commercialise the document, the disclosure of its content in the newspaper with a large number of copies may struggle to meet the suitability and necessity requirements in the final balancing step. However, the flexible interpretation would enable the third step to allow the prejudice caused to be made reasonable through obligatory payment of remuneration to the rightsholder.

Uses that further promote dissemination of knowledge and information, or the so-called productive uses, is another type of use permitted by the proposed defence under its freedom of expression limb. These include showing of thumbnail images or news report summaries in online services provided by search engines. Problems occur when the owners of the original images or online newspapers claim that their commercial interests obtained from online commercialisation are undermined. The user could argue that the use is justified by the fact that the original materials are edited and transformed into small thumbnails with links showing the original sources. Thus, rather than merely copying for commercial purposes, the use is for informative and productive purposes and reflects the adaptive nature of technology. Therefore, despite inevitably undermining the rightsholder's economic interests in online selling of such protected materials, the public interest in permitting such use would prevail. Since the copyright balance cannot be bound to bright-line rules, but must be adaptive to the online technology, the payment of remuneration system offered by the flexible third step is a potential solution for recalibrating the balance between both sides.

The public interest defence is also restrictive on public policy grounds. This concerns the use of materials made which are immoral or unjust, or which are

obscene, offensive or deceptive in nature. The author of such works is conferred with exclusive rights to benefit from their creativity, but there is public interest in limiting the enforcement of such rights to protect society from their harmful effects. This comes in the form of the public policy grounds under the scope of the public interest defence. In the context of the three-step test, while the author's interests in disseminating and commercialising these reprehensible works should be deemed illegitimate, there is much to consider on the public's side regarding the reasonableness of the means used to achieve this. There are two preventive means which the public interest would allow – the denial and remedial approaches.

Under the denial approach, the copyright would be refused, but this is not a suitable means for the objective of protecting society from harm under the reasonableness requirement in the third step. The deprivation of copyright enforcement would be contrary to such an objective because neither injunctive nor remedial actions could be enforced. The absence of such protection would also have increased piracy and the uncontrolled publication of the reprehensible work.

A more suitable and less restrictive means to reach the objective whilst maintaining copyright's delicate balance is the remedial approach. This alternative requires the copyright protection to be enforceable, so that an injunctive order can be enforced to prevent not only the exploitations by the rightsholder, but also use by pirates or free-riders. This approach is necessary because, although monetary relief would not be immediately available, the remuneration is retrospectively recoverable after the purge of the reprehensible element. This incentivises more creation and constitutes a deterrent to further infringing activities. As a result, the public interest in invoking public policy grounds prevails over the author's exclusive rights, and the remuneration system remains available under certain conditions, reflecting the flexibility offered by the final balancing step in reconciling divergent interests and establishing balance. Flexible interpretation of the three-step test enabled by the reference points will allow the proposed public interest defence to stand.

Chapter 5. Conclusion

This thesis has sought to introduce a statutory provision of a public interest defence into the international copyright regime to restore the balance between rightsholders, users and the public interest in copyright in light of rapid technological advances. Continuous expansion of copyright protection has appeared to tilt towards the rightsholders' favour and had a detrimental impact on the way in which the balance is maintained through copyright L&Es. This has put the public interest under threat and calls for the development and strengthening of the L&E system, which resonates with the proposed introduction of the public interest defence at the international level. The defence provides an overarching copyright exception as a last resort to which national authorities can have recourse in exceptional circumstances, with clarity and certainty according to their social economic and cultural needs. Through this proposal, not only can the public interest be reinforced in parallel with the protection of individual interests, copyright's balance can also be recalibrated to keep pace with its changing surroundings. This will ensure that copyright law continues to fulfil its purpose of promoting creativity through striking a fair balance between both sides of its continuum.

In achieving such a balance, it is necessary to form a defence to copyright which could provide a valid, certain framework within which other competing interests are accommodated and respected by copyright. It is proposed that the public interest defence be assimilated into the international copyright system with integral aspects of public policy grounds and freedom of expression, representing restrictive and encouraging facets of L&Es respectively. The following is the model public interest defence.¹⁰³⁸

5.1 The model public interest defence

Limitations and exceptions to the enforcement of copyright in relation to all exclusive rights enjoyed by a rightsholder should be allowed on the ground of public interest. In determining circumstances where the public interest may apply, public policy grounds and freedom of expression, as a restrictive and

¹⁰³⁸ See section 5.3 below as to where and to what extent the implementation of this draft legislation should take place.

encouraging limitation respectively, are to be taken into account as follows.

1. Public policy grounds

Scope

(a) The enforcement of copyright should be circumscribed if a work *per se*, the way in which such work is created, the way copyright granted to such work is exercised or the circumstances surrounding the creation and publication, are contrary to public policy grounds. Such grounds shall include, but not limited to, the circumstances where:

I. With regard to the misuse aspect focusing on manners in which copyright is exercised, the right is exploited in a way that constitutes copyright monopoly - beyond the scope granted by the law, anti-competitive or solely directed towards bypassing rules of law to gain personal benefits

II. With regard to the immorality aspect focusing on the work *per se* or the manner in which it is created or published, the work or the circumstances surrounding the making are immoral, obscene, fraudulent or harmful to national security, public sensibilities, the well-being or the life of community

III. Nothing in this provision should prevent national authorities from exercising further discretion in determining any emerging circumstances contrary to the public policy grounds, taking into consideration all the conditions specified in (a) I and II.

Application and operation

(b) In respect of legal operations affecting the enforcement of copyright, the following points shall be taken into account:

I. Copyright should subsist in the work so as to ensure that injunctive and monetary remedies can be enforced to keep those circumstances falling within the scope of (a) under control

II. Injunctive remedy should be granted to end misuse or immoral activities, or any harm caused by any further unauthorised or free-riding dissemination of the work

III. As a matter of an incentive towards more creation and a deterrent against further infringing activities or unfair competition, monetary relief shall be retrospectively

recoverable after the purge of the content or activity found contrary to public policy grounds under subsection (a).

2. Freedom of expression

Scope

(a) Unauthorised uses of copyright-protected works as part of the exercise of the right to freedom of expression should be permitted under certain circumstances, with a particular focus placed on the following considerations. In light of the wording of Article 10(1) ECHR, particular regard shall be had to expression that conveys information capable of contributing to a public debate of general interest, and that promotes public engagement in a variety of socially valuable uses of the protected works, especially those enabled by online technology.

(b) The protection afforded to the expression intended to satisfy public curiosity or only made for commercial or entertaining purposes cannot reach the same level as that afforded to those concerning exposure of serious wrongdoing, revelation of information affecting national security, public health, public safety, public knowledge or any other socially valuable expressions with comparable objectives.

(c) With regard to means of communication in light of the informative nature of journalism and the public right to be informed about matters affecting the public interest, any journalistic activities, either traditional or online and either conducted by professional or non-professional journalists, regarding the right to seek and access information, the right to criticise and the right to protect journalistic sources, or that contribute to public debate of such matters, are also protected under the scope of Article 10(1). The methods by which particular information was obtained and expressed by journalists must be in line with the proviso that they act in good faith to provide accurate and reliable information in accordance with the ethics of journalism.

Application

(d) Upon the finding of copyright measures interfering with freedom of expression, to prove that the public interest in protecting copyright is greater than the public interest in preserving freedom of expression depends fundamentally on fulfilment of the balancing exercise entrenched in Article 10(2) ECHR. However, particular weight should be placed on the exercise of the right to freedom of expression in a democratic and information society in the context of disclosure of information affecting the public interest.

(e) In the balancing exercise, any interference with freedom of expression caused by copyright measures is deemed necessary if there exists a pressing social need, taking into account the degree of the reasons given to justify the interference and its severity *vis-à-vis* the subversive impact on freedom of expression. It must be convincingly established by the copyright holders that the interfering measure sought has sufficient justification and presents a reasonable proportionality between the legitimate aim of protecting the copyright holders' interests and its consequences to avoid any disincentive that may be a disincentive to the exercise of freedom of expression. The following factors should be examined:

- I. The nature of the expression at issue focusing on its contribution towards public debate.
- II. The purpose of the expression focusing on journalistic and public benefit purposes.
- III. The means of reproduction, focusing on availability of less infringing means.
- IV. The proportionality between the aim sought to achieve and the severity of an impact caused by the interfering means employed.

3. Three-step test

Subject to the three-step test, nothing in this provision is intended to deprive rightsholders of the right to receive payment of fair remuneration, insofar as any undue prejudice caused to their legitimate interests can be offset to a reasonable degree, determined by judicial authorities.

4. Relationship with specific statutory limitations or exceptions

This provision should be understood as a fallback applicable only in circumstances where no specific statutory limitations or exceptions existing in national copyright laws will apply to the compelling public interest matters identified in paragraphs (1) and (2) above. It is by no means intended to supersede the operation of the existing limitations or exceptions.

5.2 Certainty and flexibility in unison

Establishing the statutory public interest defence with extensive principles provides the copyright L&Es regime with more certainty, foreseeability and valid authority to accommodate other important societal values. Case law consulted throughout this thesis provides detailed guidance for ensuring that

unauthorised uses of copyright-protected works that fall under the identified public interest criteria are guaranteed their legitimacy. It also provides legitimate grounds for uses of the works determined to be contrary to the public interest to be precluded from some legal protection. By legislating a universal public interest defence with the two elaborate aspects and its certain operations, what has historically been described as ‘something approaching bemusement’, serving ‘only to heighten the impression of a shifting doctrine without settled boundaries’, limited and incapable of assisting the defendants, will now be established with workable definition and charted scope.¹⁰³⁹ Furthermore, determining its application to a fallback position helps ensure that the possibility of states having to tolerate interferences with their policy choices made through domestic statutory L&Es will be retained to a certain minimum level.¹⁰⁴⁰ Admittedly, while no absolute certainty can be guaranteed, this model provision would at least allow rightsholders, users and courts to have a clearer picture of the limits under the abstract term of public interest, which copyright law must endure.

Those circumstances or uses identified as for or against the public interest are not circumscribed but open to further development, as the proposed defence also recognises the rapidly-changing information technologies, and therefore reserves some room for flexibility within its framework. In the face of increasingly expanded copyright protection, an open and flexible attribute will allow copyright’s balance to be adjusted where required. It is a matter of national application in ensuring that such flexibility does not undermine certainty, nor the balance it seeks to achieve. National judicial authorities must ensure that any emerging uses or circumstances with characters comparable to those identified under the defence do not unreasonably prejudice the rightsholder’s right to fair economic return through remuneration. This would ensure that the proposed defence works in tandem with the long-established

¹⁰³⁹ *Unilever Plc v Griffin* [2010] FSR 33 [18] (Arnold LJ); L Bently and B Sherman, *Intellectual Property Law* (3rd edn, OUP 2009) 219-221; R Burrell and A Coleman, *Copyright Exceptions: The Digital Impact* (CUP 2005) 94; Griffiths (n 22)

¹⁰⁴⁰ Regarding concerns of uncertainty and overlapping area of application - whether the defence is an alternative, or additional, to the statutory permitted acts see, for example, *Vitof Limited v Altoft* (n 31) [175]; *BBCPetitioners* (n 31) [26]; Griffiths (n 22) 18.

three-step test.

5.3 Explanatory text explaining the choices made in the development of the proposed provision

Inevitably, a legislative introduction of such a universal public interest defence has raised a number of questions and concerns with regard to drafting options and terminology employed in introducing the provision at international level. The following text is therefore aimed at addressing some potential concerns as well as explaining the choices made in the development of the proposed provision.

Impact on national policy choices

The first question concerns the extent of an impact or repercussions that such a universal fallback position would constitute against distinct policy options or traditional legal approaches taken by different jurisdictions. In addressing this question, it should be reiterated that the proposed provision is characterised as a fallback provision under which certain acts or measures bearing compelling public interest reasons can be accommodated within the copyright regime. As demonstrated earlier in the substantive chapters, particular L&Es or solutions employed in certain jurisdictions to tackle with circumstances where works protected by copyright need to be restricted or disclosed in the interests of the public have been marred by either ill-founded terms or ambiguous applications. These have in turn raised problems of legal uncertainty and imbalance of interests in their copyright laws. Having identified the scope and operations, the proposed defence aims at offering from within the copyright regime effective legal solutions to loopholes in an area of copyright L&Es. Such loopholes may simply be prompted by rapid information technological advances that have made it difficult for the legislature to keep pace with such developments and to have all emerging acts covered by statutory L&Es. Or they may sometimes be caused by the fact that existing L&Es just do not seem capable of delivering adequate solutions, so that they are more likely subject to judicial interpretations, although inconsistent and scattered, for appropriate adjustment to the situations at issue. Therefore, particularly in the latter scenario, the proposed fallback provision should not be classed as an additional

legal tool to existing domestic L&Es, intended to frustrate national policy choices whenever possible. Its functions should rather be understood as offering justifiable grounds for fundamental rights or more compelling legal principles, i.e. freedom of expression and public policy, so as to ensure that copyright law is open up for appropriate adjustment in changing circumstances.¹⁰⁴¹ More importantly, relevant case law and literature reviewed throughout this thesis have suggested that those areas of legal concerns, where national courts in different judicial arrangements have employed divergent statutory or non-statutory doctrines or principles to achieve the relatively similar purposes of protecting the public's interests,¹⁰⁴² are not novel. In fact, those attempts have been tried, but not necessarily always successfully due to lack of authority or absence or ambiguity of legislative support. Put simply, the bottom line here is more likely to offer a certain and justifiable basis to back up what the courts have already hinted at, rather than trying to intervene in distinct national policy determinations by substituting their domestic L&Es with one overarching universal defence.

Impact on states' traditional legal approaches

The proposed universal character also gives rise to another important question – to what extent the conflict between the defence's proposed operations and traditional approaches in differing constitutional positions can be justified. For instance, how the proposed operation of the 'restrictive' public interest defence, which imposes some restrictions on copyright enforcement, could be vindicated when these seem to contradict the radical US approach in relation to an influential constitutional copyright protection on obscene materials. Or with regard to the 'encouraging' public interest defence, is the reference to Article 10 ECHR in such a universal provision appropriate for non-European countries? Furthermore, is the position taken in Chapter 3 – suggesting a seemingly prevailing emphasis on the right to freedom of expression – compatible with the author's right tradition in civil law jurisdictions? More

¹⁰⁴¹ See also Griffiths (n 22), referring this type of functions of the public interest defence in the UK copyright law as a pre-empting doctrine.

¹⁰⁴² Ranging from the interests of being prevented from harmful or immoral activities to those of being informed about important information. See 2.3-2.6, 3.2.5 and 4.2.3 for more detail.

critically, would it be appropriate to confer on judges considerable power to make use of such a universal fallback provision, considering differing judicial systems around the world?

With regard to copyright protection in obscenity within the US jurisdiction, it can be argued that, as the ‘restrictive’ public interest defence operates to impose some restrictions, *inter alia*, on the enforcement of copyright in obscene materials, such operation could be regarded as content-based restrictions and, as such, contrary to the US case-law precedent.¹⁰⁴³ Content-neutrality not only plays a pivotal role in the context of US free speech,¹⁰⁴⁴ but also in copyright law. Especially in the latter context, it was strongly contended in case law that denying copyright protection to works deemed obscene would hinder creativity, constitute chilling effect on the creation of free speech and stifle dissemination of science and useful arts to later generations.¹⁰⁴⁵ Nevertheless, as explained in Chapter 2, this thesis places a particular emphasis on some counterarguments in favour of content-based rules of public policy grounds. The fact that free speech and creativity receive constitutional protection should by no means allow copyright law to turn a blind eye to or condone what can be shocking, harmful and undesirable to public sensibilities, and, subsequently, leave the question of moral standards to be dealt with by other laws.¹⁰⁴⁶ Taking online child pornography as an example, while a photographer of original photos and individual online users may be convicted and imprisoned according to US criminal law with regard to obscenity,¹⁰⁴⁷ the photographer may also have an interest in filing copyright infringement lawsuits against those disseminating his original pornographic works online without his permission; in such case, the criminal could perhaps claim for damages and benefit from criminal activities under the shield of the law, at the society’s expense. Granting full copyright protection to obscene works, as in

¹⁰⁴³ See 2.6 and 2.8.1.2.

¹⁰⁴⁴ See 3.4.

¹⁰⁴⁵ See 2.8.1.2; *Mitchell Brothers* (n 208) 856-7, citing *Schneider* (n 176) 719. See also *Belcher v Tarbox*, 486 F2d 1087, 1088 (9th Cir 1973), where it was held that copyright law was never intended to require judges to apply the standard of morality to copyrighted works.

¹⁰⁴⁶ See, for example, 18 USC s 1466A(a) and (b) (2012), imposing criminal liabilities against, *inter alia*, those producing, distributing or possessing works depicting sexually explicit conduct or obscenity.

¹⁰⁴⁷ See The United States Code, title 18, part 1 chapter 71.

the scenario above, ‘could be viewed as government endorsement of such illegal works, suggesting that the government approves such activity’.¹⁰⁴⁸ In contrast, all laws including copyright should work in tandem as a normative matter in order to address such an issue in a way that safeguards the public interest, whilst ensuring that copyright law and moral standards are not eroded nor compromised by one another.¹⁰⁴⁹ This has become one of the underlying rationales under which the ‘remedial approach’ operation of the restrictive public interest defence is proposed.¹⁰⁵⁰ As this approach insists that copyright still subsists in original works tainted with obscene or immoral features, an assertion about the US constitutional protection of creativity being impeded should no longer be concerned. Meanwhile, the social problem of immorality regarding rampantly obscene materials, such as child pornography, could be more adequately tackled with as this approach confers judges with power to control injunctive and monetary remedies available to the author during different periods of his immorality.¹⁰⁵¹ Against this background, the content-based operation such as that proposed by this thesis does not necessarily run counter to how the US judges have dealt with copyrightability in obscene materials; rather, it offers an alternative to either denial of, or full protection of, copyright as a way to reconcile legal and social requirements which both help enrich our society. Therefore, it is hoped that, once universally recognised, the defence will be sufficiently persuasive and be a helpful tool to US judges when dealing with obscenity in copyright works.

In respect of the reference to Article 10 ECHR in the model provision, some would argue that non-European countries may find it dissuasive to adopt the defence as doing so could have compromised their own jurisdictions over the protection of freedom of expression *vis-à-vis* other bodies of law. It must, however, be restated that it is not an intention of the thesis to necessarily oblige

¹⁰⁴⁸ Eldar Haber, ‘Copyrighted Crimes: The Copyrightability of Illegal Works’ (2014) 16 (2) YJLT 454, 484.

¹⁰⁴⁹ Ibid. 485-6. Haber argues that ‘from a social perspective, Congress should not grant copyright protection to undesirable works and should instead suppress their creation by blocking legal incentives’. Otherwise, allowing criminal offenders to profit from their actions will lead to injustice.

¹⁰⁵⁰ See 2.8.2 for detailed analyses of the remedial approach.

¹⁰⁵¹ Ibid. 2.8.2.2.

all those countries to concede their authority to the adoption of such a European provision, but merely to take into account its useful wordings and terminology, mostly incorporated from the international predecessor provision - Article 19 ICCPR.¹⁰⁵² Indeed, Article 10 could be seen as a replica of Article 19.¹⁰⁵³ Of particular interest here is the second paragraph of Article 10, under which permissible interferences with the right to freedom of expression are prescribed in a certain elaborate manner, allowing a balancing exercise to take place between conflicting rights. This helps ensure the judiciary with clarity that FoE is not absolute, and that under what circumstances they are justified to exercise their discretion to impose some limitations on such a fundamental freedom. Given the previously identified concern of inadequate safeguards of freedom of expression due to an inability of copyright law to keep pace with the rapid development of information technologies,¹⁰⁵⁴ it is advised that the ‘encouraging’ public interest defence be read in the light of the language used in Article 10. Together with the richest and most developed ECtHR jurisprudence,¹⁰⁵⁵ the defence would thus provide judges with helpful guidance about increasingly important aspects of freedom of expression to be given particular emphasis against copyright, while ensuring that an elaborate balancing mechanism is also there for judges to make appropriate adjustment to the interface between both areas of law – wherever the public interest lies. Having realised the objectives and rationales explained above, the model provision with reference to the balancing exercise recognised in Article 10 strives to reconcile, and favour to the greatest possible extent, the different traditional legal approaches of the US’s strong free speech protection and the EU author’s rights tradition.

Last but not least, the two concerns addressed above also give rise to another question – to what extent is it appropriate to provide the judiciary with

¹⁰⁵² According to the Office of the UN High Commissioner of Human Rights <www.ohchr.org/EN/ProfessionalInterest/Pages/InternationalLaw.aspx>, ICCPR is one of the so-called International Bill of Human Rights, which establishes the backbone of international human rights law. It has been ratified by the majority of 169 countries from around the world, all of which are thus bound to respect obligations and duties laid down by the Covenant.

¹⁰⁵³ Except an absence of ‘freedom to seek’ and some additional permissible interferences prescribed in the second paragraph. See the analysis of the former at 3.3.3.3 above.

¹⁰⁵⁴ See 3.2.4 – 3.2.5.

¹⁰⁵⁵ See 3.2.6.

somewhat substantial power to apply standards of morality to copyright works (Chapter 2) and to determine situations where freedom of expression should trump copyright or *vice versa* (Chapter 3). Doubts have been cast now and then on the judiciary's attempt to judge upon the truth, the soundness or the appropriateness of the opinions embodied in a copyright work.¹⁰⁵⁶ Also, there has been criticism about situations in which national judges in copyright cases have widely adopted *ad hoc* legal doctrines outside copyright law to accommodate freedom of expression, despite lack of legal authority.¹⁰⁵⁷ With the proposal of such a universal fallback provision allowing some flexible criteria to be subject to judicial interpretation, it is concerned that this will give judges considerable power to interpret copyright matters to the detriment of copyright rules in differing judicial and constitutional arrangements. Nevertheless, it must be recalled that the reviews of case law and literature throughout the thesis have illustrated that information technologies and surrounding environment have evolved in a way that has kept changing and expanding the sphere in which copyright is challenged by other competing interests; this development is perhaps too fast for copyright legislature to keep pace with. In these situations, one may inevitably have to rely on judicial interpretation to ensure that the law stays up-to-date with the present-day conditions and public interest. This then suggests that the role of the judiciary should not only be confined to the strict legal interpretation of the law, but 'they should play a critical role in establishing the right balance between copyright and innovation and human rights'.¹⁰⁵⁸ Therefore, rather than facing situations where judges are either reluctant or free to impose some limits on copyright due to an absence or lack of authority, it may be better to provide them with a valid and elaborate statutory ground from within the copyright regime. This will enable them to strike a fair balance between copyright and

¹⁰⁵⁶ *Belcher v Tarbox*, 486 F2d 1087, 1088 (9th Cir. 1973); Jennifer E Rothman, 'Sex Exceptionalism in Intellectual Property' (2012) 23 STAN L POL'Y REV 119, 158;

¹⁰⁵⁷ See 3.2.5, 4.2.3. See also Thomas Dreier, 'Balancing Proprietary and Public Domain Interests: Inside or Outside of Proprietary Rights?' in R. Dreyfuss/D. Leenheer-Zimmerman/H. First (eds), *Expanding the Boundaries of Intellectual Property. Innovation Policy for the Knowledge Economy* (2001 OUP) 295; Hugenholtz and Selfleben (n 847).

¹⁰⁵⁸ Monica Horten, 'Balancing Freedom of Expression Online: Insights from Copyright Cases' (2017) <<http://www.iptegrity.com/index.php/european-union/1062-balancing-freedom-of-expression-online-insights-from-copyright-cases>> accessed 1 February 2018.

the conflicting interests in the rapidly-changing copyright environment.

The encouraging public interest defence and the comparable fair use

Further to the analysis of the US fair use doctrine in Chapter 3 (3.2.4.4), it is worth considering whether the factor-based approach developed under the fair use doctrine is relevant and offers any valuable alternative in preference to that of the proposed defence. At first, it should be noted that there are some similarities between the two in terms of their objectives. In general, it can be said that both doctrines help to prevent the enforcement of copyright from being too restrictive and quashing the very creativity the law is actually intended to promote. Just like the proposed encouraging defence, fair use in essence functions to alleviate tensions between copyright and freedom of expression by providing certain legitimate grounds under which the latter can be duly safeguarded in the former regime. Furthermore, such grounds allowed by fair use are embodied in the US copyright law in a non-exhaustive statutory manner, similar to those outlined in the model provision.¹⁰⁵⁹ Great flexibility is accordingly a pivotal feature of fair use, whereby it has been established that there are no bright-line rules and all factors should thus be weighed together on a case-by-case basis to determine the finding of fair use.¹⁰⁶⁰ Considering these similar characters, it may well be sufficed to say that fair use's factors are to a greater or lesser extent comprehensive and could have been adopted in lieu of the newly proposed factors applied in the case of the encouraging public interest defence.

However, while the flexible fair use factors may contribute to comparable outcomes to that of the defence in the context of promoting creativity for public enrichment, they are not necessarily readily equipped with the fallback attribute to fulfil another valuable dimension of freedom of expression – disclosure of important or confidential public interest information clothed in

¹⁰⁵⁹ 17 USC s 107. For more considerations, revisit 3.2.4.4: fair use.

¹⁰⁶⁰ *Campbell v Acuff-Rose Music* (n 9). See also Harvard University: Office of the General Counsel, 'Copyright and Fair Use' (2018) <<https://ogc.harvard.edu/pages/copyright-and-fair-use>> accessed 6 February 2018.

copyright works.¹⁰⁶¹ This exceptional aspect of freedom of expression is sometimes invoked in circumstances where an action for infringement of copyright is brought by a claimant with the genuine motive of protecting, *inter alia*, privacy, defamation or breach of confidence or anti-competition.¹⁰⁶² For example, one should consider a scenario in which a journalist obtained a confidential report from her journalistic source, revealing that the GT200 machines, which are widely used in most international airports as explosives detectors, are not scientifically certified and have manufacturing defects, making them inefficient at detecting bombs. The journalist later published an article in a commercial news website criticising the scandalous machine's imperfection with the entire confidential report attached so as to cement her argument. Given that the report is copyright-protected and owned by the manufacturer, an unauthorised use of such report may, among other claims,¹⁰⁶³ provide the manufacturer with a course of action against the journalist for breach of copyright. As a counterclaim, the defendant may well contend that her use of the report falls within the scope of her right to freedom of expression. Considering such type of use in light of the US fair use doctrine, the first factor to consider is the purpose of use. Although it is established in the US case-law that commercial use of a copyright-protected work is not automatically deemed unfair, its profit-making and non-transformative characters make it less likely to be weighed in favour of fair use.¹⁰⁶⁴ As the use at issue does not transform the original report into new value-added creations, but is merely a verbatim reproduction, it does not acquire a transformative nature. And while the use *per se* is not for commercial purpose, the fact that the reproduced report is published through a profit-making institution – online

¹⁰⁶¹ The phrase 'information clothed in copyright' was used in *Hyde Park v Yelland* (n 19) 673.

¹⁰⁶² See sample situations in *HRH Prince of Wales v Associated Newspapers Ltd* (n 31); *Service Corp International v Channel 4* [1999] EMLR 83; *Lion Laboratories v Evans* (n 6); *Beloff v Pressdram* (n 6); *Hyde Park v Yelland* (n 19) and *Hertel v Switzerland* (n 544), assuming that the latter of which cases involved the report of the hazardous effect of microwave ovens, which was protected by copyright and belonged to the manufacturer. These situations are referred as 'surrogacy' claims, see also Griffiths (n 22) 16.

¹⁰⁶³ It is most likely that in such case a legal action may initially have sprung from breach of confidence or anti-competition, but framed in copyright infringement.

¹⁰⁶⁴ *Campbell v Acuff-Rose Music* (n 9); Harvard University (n 1060). See also 3.2.4.4 and 4.4.1.1.

commercial website – may weigh against the finding of fair use.¹⁰⁶⁵ With regard to the nature of the work, it is confirmed in the statutory provision itself that the unpublished nature does not necessarily preclude the use from being found fair. Nevertheless, it cannot be ruled out that copyright not only entails the right to control the publication of the work, but also the preference to non-publication;¹⁰⁶⁶ therefore, dealing with unpublished works too would reduce the prospect of the finding of fair use in overall consideration. It becomes more apparent in the third factor assessment that reproducing the entire report constitutes both quantitatively and qualitatively substantial takings, thereby tipping the scale against fair use.¹⁰⁶⁷ As regards the fourth factor, the effect upon the work's value is so minimal that, out of all factors considered, it is most likely to be found in favour of fair use. This is perhaps because that, as previously pointed out, the manufacturer claimant's genuine purpose is to keep the information embodied in the report confidential and restrain others from disclosing it, rather than to protect his creativity and seek for economic return thereof. As such, there is no correlation between the work not intended for publication and the negative economic impact of the published report upon the potential or derivative market of the claimant's report. Nevertheless, assuming that prior to the disclosure the original report was going to be published with the anticipated profits, the published article that later appeared to contribute to commercial gains in the core market may lessen the possibility of the unauthorised use to be found fair.¹⁰⁶⁸ In other words, if it is proven that there is a potential market existing for the report reproduced,¹⁰⁶⁹ it is less likely that the

¹⁰⁶⁵ See *Balsley v LFP, Inc* 691 F3d 747 (6th Cir 2012), where the Sixth Circuit held that the unauthorised publication of the Plaintiff's registered photographs by the selling profit-making magazine was for commercial purpose, thus weighing against a finding of fair use.

¹⁰⁶⁶ See *Salinger v Random House Inc* 811 F2d 90 (1987), as cited in Stephen Fishman, *The Public Domain : Find and Use Free Content for Your Website, Book, App, Music, Video, Art and More* (8th edn, NOLO 2017) 401, in which it is established that 'the author has the right to control the first public appearance of his or her expression'.

¹⁰⁶⁷ In *Harper&Row v The Nation* (n 316), even if the portion reproduced is qualitatively small, the taking of the qualitatively important parts weighs against fair use. See also *Basic Books, Inc v Kinko's Graphics Corp* 758 F Supp 1522 (SDNY 1991); *Princeton University Press v Michigan Document Services* (n 459).

¹⁰⁶⁸ See also in *Balsley v LFP, Inc* (n 1065), the Sixth Circuit rejected the defendant's claim that the plaintiff had no intention to market the work; it sufficed to prove that the commercial use had a negative effect on any potential market for plaintiff's work.

¹⁰⁶⁹ In *Roger v Koons* 960 F2d 301 (2nd Cir 1992), the Second Circuit held that what mattered in the case of unauthorised use of the protected photograph for making sculptures was that a potential market for sculptures of the photograph existed. And According to *Sony Corp v*

use at issue may satisfy the fourth factor. Having illustrated step-by-step, it seems that in overall assessment the fair use doctrine seems incapable of providing an adequate accommodation within which such unauthorised use of the report can be justified within the copyright regime..

As noted earlier, the use of protected works like in the sample scenario merely supplants the original version and, as such, establishes, if some, minimum connection with transformativeness; more additional contribution to the original work would otherwise render the use favourable to a finding of fair use.¹⁰⁷⁰ Rather, it serves the public interest by using the authority of freedom of expression in ensuring that the public is properly informed about matters affecting their interest. Therefore, despite the use involving substantial takings or reproduction in entirety of unpublished works with adverse economic harm incurred, its public interest nature requires a disclosure of such important information, which in turn calls for a fallback defence providing a safety valve for fundamental rights, i.e. freedom of expression in copyright law. Against this background, it is argued that while the US factor-based fair use doctrine may be a valuable tool in the context of furthering the goal of copyright in promoting science and useful arts, it is not designed for such types of unauthorised uses and is ineffective for coping with public interest situations.

5.4 Implementation

5.4.1 The bottom-up approach

Having established the ambit and merits of the public interest defence, the next question is how the defence can be introduced. There are several possible starting points from which the defence could become universally recognised and effectively implemented. One is to follow a bottom-up approach in which

Universal City Studios 464 US 417, 451 (1984), the burden of proof rested on the rightsholders to establish such existence.

¹⁰⁷⁰ The US Supreme Court stated in *Campbell v Acuff-Rose Music* (n 9) that transformative uses ‘lie at the heart of the fair use doctrine’s guarantee of breathing space within the confines of copyright’. See also *Harvard University* (n 1060).

it is initially introduced to national copyright legislation in influential states such as the US, UK and some EU member states, after which its implementation can progressively become an international agenda and lead to changes in the form of treaty amendments. This approach seems resonant with that in which of the Berne Convention was drafted and later became widely recognised as a core international copyright agreement.¹⁰⁷¹ The history of the Berne Convention in providing both minimum standards for exclusive protection and corresponding L&Es had seen the involvement of powerful states such as the UK, France and Germany, putting forwards their proposals for international legislative frameworks.¹⁰⁷² Implementing the defence through national legislations also seems permissible under Article 17 of the Berne Convention. Although its drafting history suggests that the Article was mainly designed to deal with national government's power to control the dissemination of work to maintain public order,¹⁰⁷³ the actual wording implies that it may also grant the government the right to permit the dissemination of any works if necessary. Embracing this flexible interpretation of Article 17 of the Berne Convention would then cover not only the public policy, but also the freedom of expression aspects of public interest. This may allow the proposed defence to be adopted and operate within national copyright laws.

Considering this approach under Article 17 BC Authority, one should take into account the WTO Panel decision in China-US dispute 2009,¹⁰⁷⁴ whereby, *inter alia*, Article 4 of China's Copyright Law, which denies protection and enforcement to works that have not been authorised for publication or distribution within China, was held to be inconsistent with Article 9(1) TRIPS (incorporating Article 5(1) BC) and Article 41.1 TRIPS.¹⁰⁷⁵ Of particular relevance here is that, while a national legal principle performing the 'restrictive' public interest doctrine – such as that provided in Article 4 of China's Copyright Law – is permitted by virtue of Article 17 BC, the Panel

¹⁰⁷¹ Sara Bannerman, *International Copyright and Access to Knowledge* (CUP 2016) 4-5.

¹⁰⁷² *Ibid.*

¹⁰⁷³ WIPO, 'Guide to of the Berne Convention (Paris Act 1971)' (1978) WIPO Publication No 615(E) para 17.1-17.4.

¹⁰⁷⁴ *US-China-Measures Affecting the Protection and Enforcement of Intellectual Property Rights* (WT/DS362/R) report of the Panel, adopted 26 January 2009.

¹⁰⁷⁵ *Ibid.* paras II.12, VII, 197, VIII.741.

took the view that the latter Article interpreted in light of Article 5 (1) BC and Article 41.1 TRIPS is not intended to permit the operation under which copyright protection and enforcement in works with illegal or prohibited contents is all denied.¹⁰⁷⁶ Given the proposed preference of the remedial to the denial operation,¹⁰⁷⁷ the ‘restrictive’ public interest defence proposed through this bottom-up approach under Article 17 BC authority can still ensure that copyright can be enforced so as to prevent further acts of infringement or abuse; thus, it is compliant with obligations under TRIPS and BC.

Nevertheless, introducing a legal principle through state practice may in reality require a prolonged period of time for consistency and commonality to build widespread recognition among states and become an international legislative attempt. The drafting history of the Berne Convention also shows that relying on legal practices predominantly developed by influential states may run the risk that the balance of interests might be tipped in their favour as the main beneficiaries of international copyright protection in the drafting and founding of the treaties.¹⁰⁷⁸ This may again cause misrepresentation of copyright’s balance that the proposed defence seeks to achieve.

5.4.2 The top-down approach

Another possible approach to implementing the defence could be initiated from a legislative intervention at the supranational level. Again, Article 17 of the Berne Convention can be seen as a starting point from which the amendment could take place. The possibility that Article 17 could be understood to encompass limitations to copyright in both public policy and freedom of expression aspects suggests that it is the most conducive platform for the proposed defence to be integrated into the international copyright regime. A successful change in such a multinational treaty would create an obligation that requires states party to bring their implementations and interpretations as regards the defence into conformity.

In practice, however, treaty amendment would also be subject to a lengthy

¹⁰⁷⁶ Ibid. paras 7.117, VII.178-VII.197.

¹⁰⁷⁷ Revisit Chapter 2, 2.8.2.

¹⁰⁷⁸ Bannerman (n 1071) 5-7.

procedure. According to the Vienna Convention,¹⁰⁷⁹ unless provided otherwise, any proposed amendment to a multilateral treaty must be consensus-based, and each member has a right to decide, negotiate and conclude any agreements arising therefrom. This general rule is further confirmed by Article 27(3) of the Berne Convention, which demands ‘the unanimity of the votes cast’ by all contracting states to revise the Convention.¹⁰⁸⁰

Negotiation and conclusion of a new treaty seem far from ideal in sparking a swift response to the urgent need for the proposed defence. Despite creating solid obligations among signatories, the traditional method of treaty-making is also dependent on complicated and tedious processes of drafting, negotiating, adopting and putting into force.¹⁰⁸¹ Particularly in the latter procedure, prolonged periods of ratification were evident in two recent WIPO-administered treaties, namely the Beijing and Marrakesh treaties.¹⁰⁸² After several years of preparatory work and discussion, they were successfully adopted in June 2012 and June 2013 respectively, but it took approximately three years for the Marrakesh treaty to have reached twenty ratifying countries, and the Beijing treaty is still seeking more parties to ratify, and has therefore not yet entered into force.¹⁰⁸³ These are major concerns when attempting to initiate or amend the law from the supranational level.

5.4.3 An alternative approach

Having realised the traditionally complicated and time-consuming rulemaking process inherent in these two approaches, adopting the so-called hard-law method to implement the statutory defence seems incompatible with the urgent demand to tackle the rightsholder-centric situation. It is important that the proposed defence comes into effect in a timely fashion to provide immediate

¹⁰⁷⁹ VCLT Part IV: Amendment and Modification of Treaties.

¹⁰⁸⁰ See Berne Convention (Paris Act, 1971), Art 27.

¹⁰⁸¹ Consider the treaty-making procedure in Carolyn Deere Birdbeck, *The World Intellectual Property Organization (WIPO): A Reference Guide* (Edward Elgar 2016) 90.

¹⁰⁸² Beijing Treaty on Audio-visual Performances (adopted 26 June 2012); Marrakesh Treaty to Facilitate Access to Published Works for Persons Who Are Blind, Visually Impaired or Otherwise Print Disabled (adopted 27 June 2013, entered into force 30 September 2016).

¹⁰⁸³ See also the time-consuming 6-year ratification periods of WCT and WPPT after their adoptions in Edward Kwakwa, ‘Some Comments on Rule Making at the World Intellectual Property Organization’ (2002) 12(1) *Duke Journal of Comparative and International Law* 179, 182.

and specific relief to any changes occurred in a dynamic, rapid-paced and technologically-driven area of copyright law.¹⁰⁸⁴ The flexible, easily adoptable and immediately applicable character of so-called soft law seems more realistic, effective and thereby better suited for enabling the defence to gain universal recognition and implementation more quickly.¹⁰⁸⁵

The term soft law refers to certain categories of norms which are technically non-binding.¹⁰⁸⁶ While it is perceived as an informal law-making method, its wide degrees of authority and supplemental functions usually convince states to follow in practice.¹⁰⁸⁷ The soft-law technique is often relied on by intergovernmental and non-governmental organisations as an alternative for exploring, experimenting and establishing international legal practices without imposing strict obligations on states to ratify.¹⁰⁸⁸ This may take the forms of recommendations, resolutions, declarations or guidelines.¹⁰⁸⁹

The WIPO's competency is not only in administering IP treaties, but also in devising soft-law instruments to develop, clarify and supplement existing international IP rules.¹⁰⁹⁰ Some important examples are the 1976 Tunis Model Law drafted in collaboration with UNESCO,¹⁰⁹¹ the 1999 Resolution Concerning Provisions on the Protection of Well-Known Marks,¹⁰⁹² the 2007 adoption of 45 Development Agenda Recommendations¹⁰⁹³ and several WIPO standards in relation to industrial property.¹⁰⁹⁴

¹⁰⁸⁴ Ibid. 193.

¹⁰⁸⁵ Ibid.

¹⁰⁸⁶ Ibid. 187.

¹⁰⁸⁷ Ibid.

¹⁰⁸⁸ Dinah Shelton (ed), *Commitment and Compliance: The Role of Non-Binding Norms in the International Legal System* (OUP 2000) 292.

¹⁰⁸⁹ Ibid.

¹⁰⁹⁰ See Birdbeck (n 1081) 90.

¹⁰⁹¹ Tunis Model Law on Copyright with a commentary drafted by the Secretariat of UNESCO and the International Bureau of WIPO, Copyright 1976, 165. This was designed to address issues relating to protection of folklore, exceptions and limitations to rights, fair use, and the right of translation.

¹⁰⁹² WIPO Doc No A/34/13 (4 August 1999) <http://www.wipo.int/eng/document/govbody/wo_gb_ab/doc/a34_13.doc> accessed 23 August 2017.

¹⁰⁹³ See <<http://www.wipo.int/ip-development/en/agenda/recommendations.html#b>> for more detail. See also the 18th session of the CDIP in October 2016 in Geneva, Switzerland, which reviewed the WIPO implementations of its subsequent Development Agenda Recommendations from 2008 to 2015.

¹⁰⁹⁴ See <http://www.wipo.int/standards/en/part_03_standards.html#group-a> for lists of the

In the field of copyright, WIPO plays a distinct and influential role in shaping binding international copyright standards in response to emerging cyberspace and prevailing social needs. This can be seen from its deep involvement in the passage of the WCT, WPPT, Beijing and Marrakesh treaties.¹⁰⁹⁵ As regards soft law, although the copyright regime has not seen WIPO having recourse to non-binding instruments as much as other areas of IP, copyright-related matters such as using copyright to promote access to information and creative content, are still part of WIPO implementation plans for its development agenda.¹⁰⁹⁶ WIPO through its SCCR¹⁰⁹⁷ has in recent years engaged in numerous meetings and studies with particular emphasis on copyright L&Es.¹⁰⁹⁸ Throughout those activities, the SCCR has also recalled the need to recalibrate the balance between interests of rightsholders and users in face of rapid technological developments.¹⁰⁹⁹

WIPO's authority and its ongoing discussions under the SCCR's expertise, might present the most conducive route for the public interest defence to be inserted into the international copyright regime in the form of a recommendation by WIPO.¹¹⁰⁰ The comprehensive and predictable defence

relevant standards.

¹⁰⁹⁵ These treaties are WIPO milestones, for bringing copyright in line with digital age and for establishing for the first-time international provisions exclusively addressing L&Es to international copyright law.

¹⁰⁹⁶ WIPO Doc CDIP/12/9 (October 21, 2013); CDIP/4/5 Rev (December 1, 2009). See also WIPO Development Agenda Recommendations 19, 24, 27.

¹⁰⁹⁷ See General Rules of Procedure of WIPO, Part III: Ad Hoc Committee of Experts. The SCCR is an ad hoc committee of experts, which provides forum where WIPO member states and observers meet to discuss, debate and decide on issues related to the development of balanced international legal frameworks for copyright.

¹⁰⁹⁸ WIPO, 'Limitations and Exceptions' <<http://www.wipo.int/copyright/en/limitations/>> accessed 10 August 2017, see also examples of studies on L&Es presented in the SCCR sessions listed therein.

¹⁰⁹⁹ Ibid. See, for example, the 27th SCCR meeting from 28 April – 2 May 2014, during which the side event was convened by Knowledge Ecology International (KEI) to discuss the possibility for updating the Tunis Model Law on Copyright L&Es in the digital environment for developing countries.

¹¹⁰⁰ As to its function, 'the SCCR formulates recommendations for consideration by the WIPO General Assembly or a Diplomatic Conference', see WIPO, 'Standing Committee on Copyright and Related Rights (SCCR)' <<http://www.wipo.int/policy/en/sccr/>> accessed 10 August 2017.

proposed under the soft-law would quickly become widely and consistently accepted among the international community. The recommendation would have a swift normative influence on state practice and reflect domestic needs for flexible and judicially manageable L&Es and provide a quick solution to those copyright regimes.

The inherently distinguished features of soft law-type instruments¹¹⁰¹ will provide countries not quite ready to embrace the new system with room to adapt the recommended defence in accordance with national priorities. To put it simply, States will be more willing to negotiate and adopt international norms that show respect for national autonomy,¹¹⁰² and the defence will thus be promulgated more quickly and efficiently through the soft-law approach. WIPO Recommendations attract overwhelming national compliance and can be seen as a binding instrument in practice.¹¹⁰³ This would not only pave the way for a quick and universal implementation of the public interest defence, it would also be seen as a first step towards further treaty-making opportunities.

¹¹⁰¹ Revisit n 980 above.

¹¹⁰² Hugh Hansen (ed), *Intellectual Property Law and Policy: Volume XI* (Hart 2010) 299.

¹¹⁰³ Kwakwa (n 1083) 193.

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