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Some remarks on AG Sharpston's opinion in the Nintendo case (C-355/12).

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"If my reasoning is correct, the AG's conclusion on this specific point (no legal protection must be granted to TPMs which are not used to prevent or inhibit acts of infringement) is much more innovative than the AG herself seems to acknowledge."

On 19 September, Eleanor Sharpston, Advocate General of the Court of Justice of the European Union, delivered her [opinion in the Nintendo case](#) (Case C-355/12), in which some interesting questions related to the legal protection of technological protection measures (TPMs) have been referred for a preliminary ruling by the District Court of Milan.

As this is the first time that the CJEU deals specifically with the legal framework designed by Article 6 of [Directive 2001/29/EC](#) (EUCD), it is interesting to dig into the AG's opinion, pending the Court's judgement.

For a better understanding of the legal principles, it is worth summarizing the facts of the dispute. The national lawsuit has been brought before the Court of Milan by the well-known video game manufacturer Nintendo, against PC Box, a small Italian company that produces devices (called "mod chips" and "game copiers") that can be used to circumvent the TPMs on the Nintendo consoles, thus enabling them to use the console to also play video games other than only those manufactured by Nintendo or its licensees. Nintendo argues that PC Box's devices are unlawful, as they are primarily used to play illegal copies of original Nintendo games on the consoles.

PC Box, on the other hand, argues that its devices have a number of relevant lawful uses, such as enabling video games manufactured by independent producers to be played on the Nintendo consoles (Nintendo being motivated, in the defendant's perspective, by anticompetitive purposes, i.e. to prevent the use of independent, non-illegal, software and to compartmentalise markets by rendering games purchased in

one geographical zone incompatible with consoles purchased in another).

The Court of Milan therefore seeks a preliminary ruling on the following questions:

«(1) Must Article 6 of Directive 2001/29/EC be interpreted [...] as meaning that the protection of technological protection measures attaching to copyright protected works or other subject matter may also extend to a system, produced and marketed by the same undertaking, in which a device is installed in the hardware which is capable of recognising on a separate housing mechanism containing the protected works (video games produced by the same undertaking as well as by third parties, proprietors of the protected works) a recognition code, in the absence of which the works in question cannot be visualised or used in conjunction with that system, the equipment in question thus incorporating a system which precludes interoperability with complementary equipment or products other than those of the undertaking which produces the system itself?

(2) If it should be necessary to consider whether or not the use of a product or component to circumvent a technological protection measure predominates over other commercially significant purposes or uses, may Article 6 of Directive 2001/29/EC be interpreted [...] as meaning that the national court must apply criteria which give prominence to the particular intended use attributed by the rightholder to the product in which the protected content is inserted or, in the alternative or in addition, criteria of a quantitative nature relating to the extent of the uses under comparison, or criteria of a qualitative nature, that is, relating to the nature and importance of the uses themselves?»

The (affirmative) answer to the first question appears to be rather simple in the light of EU legislation. As the AG correctly observes, the definition of “technological protection measures” provided for by Article 6(3) EUCD is very broad - including «any technology, device or component that, in the normal course of its operation, is designed to prevent or restrict acts, in respect of works or other subject-matter, which are not authorised by the rightholder» - and one couldn't reasonably doubt that it covers measures which are, in part, incorporated in devices other than those in which the copyrighted work is fixed. I would be inclined to think that this question has been raised by the Court of Milan because of the current wording of Article 102-quater of the Italian Copyright Law, under which rightholders may apply effective TPMs *on* [italics by the author] protected works or materials, leading one to think that only TPMs actually incorporated into the devices in which the said works or materials are fixed (in the context of the Nintendo case, the cartridges and the DVDs in which the video games are recorded) could receive legal protection.

While answering the first question, the AG makes clear *en passant* (points 49-50 of the opinion) that no legal protection must be granted to TPMs preventing or restricting acts which do not require the rightholder's authorisation under Directive 2001/29/EC (i.e. acts which do not imply the exercise of any right granted to the rightholder under Articles 2-4 EUCD). This is a very interesting point made by the AG. Although I definitely welcome it, I can't help but notice that the statement «Directive 2001/29 does not require any legal protection to be given to the technological measures in question» seems too easy going.

In fact, contrary to its most prominent international precursor - [Article 11](#) of the WIPO Copyright Treaty - under which the Contracting States were required to provide legal protection against the circumvention of TPMs used by authors «in connection with the exercise of their rights [...] and that restrict acts [...] which are not authorized by the authors concerned or permitted by law», Article 6(3) EUCD provides legal protection against the circumvention of TPMs which are designed to prevent or restrict acts not «authorised by the rightholder of any copyright or any right related to copyright as provided for by law or the sui generis right provided for in Chapter III of Directive 96/9/EC», irrespective of the fact that the prevented or restricted acts are permitted by law (either because they are outside the scope of copyright protection or because they benefit from an exception or limitation to copyright) or not.

There is, therefore, a remarkable difference between the international rule and the EU rule. No explicit reference is made in the EUCD to the circumstance that the authorisation of the rightholder should relate to acts within the scope of copyright protection. In the context of Article 6(3) EUCD the expressions «any copyright», «any right related to copyright as provided for by law» and «the sui generis right provided for in Chapter III of Directive 96/9/EC» are indeed not aimed at objectively defining the range of the acts whose exercise may be prevented or restricted by the rightholders through the use of TPMs, but at identifying the subjects entitled to authorise such acts.

This conclusion is probably made even clearer by the text of the recitals 47 and 48 EUCD and it is also confirmed by the [Communication](#) from the Commission to the European Parliament concerning the common position of the Council on the adoption of a Directive of the European Parliament and of the Council on the harmonisation of certain aspects of copyright and related rights in the information Society, where it is expressly stated that in its Article 6(3), the common position (corresponding to the one adopted in the final draft of the Directive) «provides for a definition of protected technological measures which is broader than the one set out in the Commission's amended proposal». It is worth reminding that the amended proposal defined the TPMs as being «designed to prevent or inhibit the infringement of any copyright or any right related to copyright as provided by law or the sui generis right provided for in Chapter III of European Parliament and Council Directive 96/9/EC». Now - if I'm not mistaking - if the Commission's amended proposal was to grant legal protection only to the TPMs designed to prevent or inhibit the *infringement* [italics by the author] of any copyright or any right related, and the final definition is acknowledged to be broader than this, one must conclude that Article 6(3) EUCD grants legal protection to the TPMs even if they are not (or not only) designed to prevent or inhibit acts which are inside the scope of copyright protection.

If my reasoning is correct, the AG's conclusion on this specific point (no legal protection must be granted to TPMs which are not used to prevent or inhibit acts of infringement) is much more innovative than the AG herself seems to acknowledge, and finally puts the Directive back on the tracks marked by Article 11 WCT.

Having said that, it is also interesting to look at the answer to the second question of the District Court of Milan, concerning the criteria to be applied in evaluating the lawfulness of the circumventing devices under Article 6(2) EUCD.

Acknowledging that the difficulty of such an assessment lies in the fact that the same TPMs may prevent or restrict acts which do require authorisation as well as acts outside the scope of copyright protection, the AG concludes that the protectability of such technological measures (and, on the other hand, the unlawfulness of circumvention devices) is basically a matter of proportionality.

In the words of the AG, the extent to which the defendant's circumventing devices may «be used for purposes other than allowing infringement of exclusive rights will [...] be a factor to be taken into account when deciding not only whether those devices fall within Article 6(2) of Directive 2001/29 but also whether Nintendo's technological measures meet the test of proportionality», and, if it can be established that the circumventing devices «are used primarily for such other purposes [...] there will be a strong indication that the technological measures are not proportionate.» «By contrast», the AG goes on, «if it can be established that the devices are used primarily in such a way as to infringe exclusive rights, that will be a strong indication that the measures are proportionate.»

I do not completely share the AG's perspective. While, on the one hand, I agree that it is definitely relevant to consider the ultimate purposes or uses of the circumventing devices, I would say that the assessment of those purposes and uses has to be made at the abstract level (evaluating how many of them, different from the illegal ones, may be identified), while the AG seems to prefer an evaluation at the factual level - as I deduce from the fact that she suggests to evaluate «the relative extent and frequency of uses which do and of those which do not infringe exclusive rights». In other words, the AG seems to believe that the lawfulness of the circumventing devices is basically a matter of what users do with those devices, while I think that, according to the spirit of Article 6(2)(b) EU CD, it should be considered more a matter of what those devices are suitable to do. Hence, if the circumventing devices do have legitimate (i.e. non-infringing) purposes or uses and they are not quantitatively and qualitatively limited - while it is not required, under Article 6(2)(b), that they are prevalent - the circumventing devices should be deemed to be lawful.

I expect that the Court will shed more light on this issue.

GS

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