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The Donner case: when EU law meets copyright law

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"It can be argued that the Commission looks at this type of decisions as a mandate to legislate, at least to a certain extent. The possibility of further harmonization based on a possible CJEU decision cannot therefore be ruled out."

On 29 March 2012 the Advocate General (AG) Jääskinen delivered his Opinion in Case C-5/11 – Criminal proceedings against Titus Donner. The case concerns Dimensione, a company located in Italy, which sells copies of well-known pieces of furniture. In Italy, these items are either not protected by copyright law or copyright in them is unenforceable in practice. However, Dimensione sells the items to German costumers, and in Germany those items are protected by copyright. Mr. Titus Donner's company, Isprem, collaborated with Dimensione in the distribution of the items in Germany.

Mr Donner was convicted before the Landgericht München II of aiding and abetting the prohibited commercial exploitation of copyright protected works. The same court found that Dimensione had distributed copies of works by putting the items into circulation. Mr. Donner appealed to the Bundesgerichtshof, arguing that the prosecution amounted to a breach of Article 34 TFEU (which prohibits measures having equivalent effect to quantitative restrictions on imports), and resulted in an artificial partitioning of the markets. The prosecutor agreed, but contended that the restriction was justifiable under Article 36 TFEU and the imperative of the protection of industrial and commercial property.

The Bundesgerichtshof decided to refer the following question for a preliminary ruling: 'Are Articles 34 and 36 TFEU governing the free movement of goods to be interpreted as precluding the criminal offence of aiding and abetting the prohibited distribution of copyright protected works resulting from the application of national criminal law where, on a cross border sale of a work that is copyright protected in Germany:

– that work is taken to Germany from a Member State of the European Union and de facto power of disposal thereof is transferred in Germany,
– but the transfer of ownership took place in the other Member State in which copyright protection for the work did not exist or was unenforceable?'

The AG concluded as follows:

‘Articles 34 and 36 TFEU governing the free movement of goods do not preclude the criminal offence of aiding and abetting the prohibited distribution of copies of copyright protected works resulting from the application of national criminal law where copies of copyright protected works are distributed by sale in a Member State by making them available to the public in that Member State through a cross border distance selling arrangement originating in another Member State of the European Union in which copyright protection for the work did not exist or was unenforceable.’ In short: the different national copyright laws at issue are an obstacle to the free movement of goods; and, according to the AG, such obstacle is allowed to stand on grounds of the protection of industrial and commercial property.

While the conclusion of the AG seems reasonable, the arguments on which it relies do not. The AG starts by stating that, given that Article 4 (1) of the Information Society Directive fully harmonizes EU distribution rights, “Article 36 TFEU cannot be invoked unless distribution has occurred as defined by said Article 4 (1).” This relates to the rule, repeatedly highlighted by the CJEU, that in cases where the EU has intended to exhaustively harmonize an area, recourse to Article 36 TFEU is no longer justified (see, e.g., Case 5/77, at 35, Case C-1/96, at 47 and 56). As a result, any national measure relating to the harmonized field must be interpreted in light of the provisions of the harmonizing measure and not those of the Treaty (see again Case 5/77 at 35). In practice, this would render Article 36 TFEU inapplicable to this case, contrary to the view of the AG.

Article 36 TFEU is applicable to this case though – not because of the distribution right, but because of the grant of copyright protection to begin with. This matter is not about the distribution right, it’s about the object of copyright protection (the furniture was copyright protected in Germany but not in Italy). This particular aspect of copyright is not harmonized at the EU level, so it’s up to national law to regulate it. That is why Articles 34 and 36 TFEU are applicable to this case, as there is no harmonization in place.
(I will refrain here from commenting on the very puzzling statement of the AG at 31 that the items, “although unprotected under Italian copyright law during the relevant period, were entitled to protection under EU copyright law.” That probably deserves a post of its own).

Although this is not spelled out in the Opinion, this case seems to relate to the notion of “specific subject matter” of copyright law. This concept was established by the CJEU back in the seventies, in the case Deutsche Grammophon v. Metro. According to the Court, only restrictions that concern the specific subject matter of intellectual property could be admitted to curtail the free movement of goods (see Deutsche Grammophon v. Metro, at 11). Later on, the Court ruled that the specific subject matter of copyright is to ensure the protection of the moral and economic rights of the right holder (see joined cases C-92/92 and C-326/92 at 20).

It looks like this is the case here. Copyright protection in Germany is indeed hindering the free movement of goods. But such derogation from the general prohibition of restricting free movement is allowed because German law is safeguarding the protection of the economic rights of the right holder. Furthermore, as the AG puts it, the German law does not place a disproportionate restriction on the free movement of goods. It simply requires Dimensione and Mr. Donner to seek the necessary permission of the copyright owners.

If the CJEU follows the AG’s conclusion, another question is whether that decision will have an impact at the legislative level. In the past, there were already three cases where the CJEU, while

acknowledging that certain aspects of national copyright laws were hindering free movement, accepted that they were justified under what is now Article 36 TFEU. I am referring in particular to cases 158/86 (Warner), 341/87 (EMI Electrola/Patricia) and 62/79 (Coditel v. Cine Vog). These gave rise to the Rental and Lending Rights Directive (1992), the Term of Protection Directive (1993) and the Satellite and Cable Directive (1993), respectively. In the proposals for the Rental and Lending Rights Directive and for the Satellite and Cable Directive, the Commission refers to the CJEU's case law in the section dealing with the legal basis. In light of that fact, it can be argued that the Commission looks at this type of decisions as a mandate to legislate, at least to a certain extent. The possibility of further harmonization based on a possible CJEU decision cannot therefore be ruled out.

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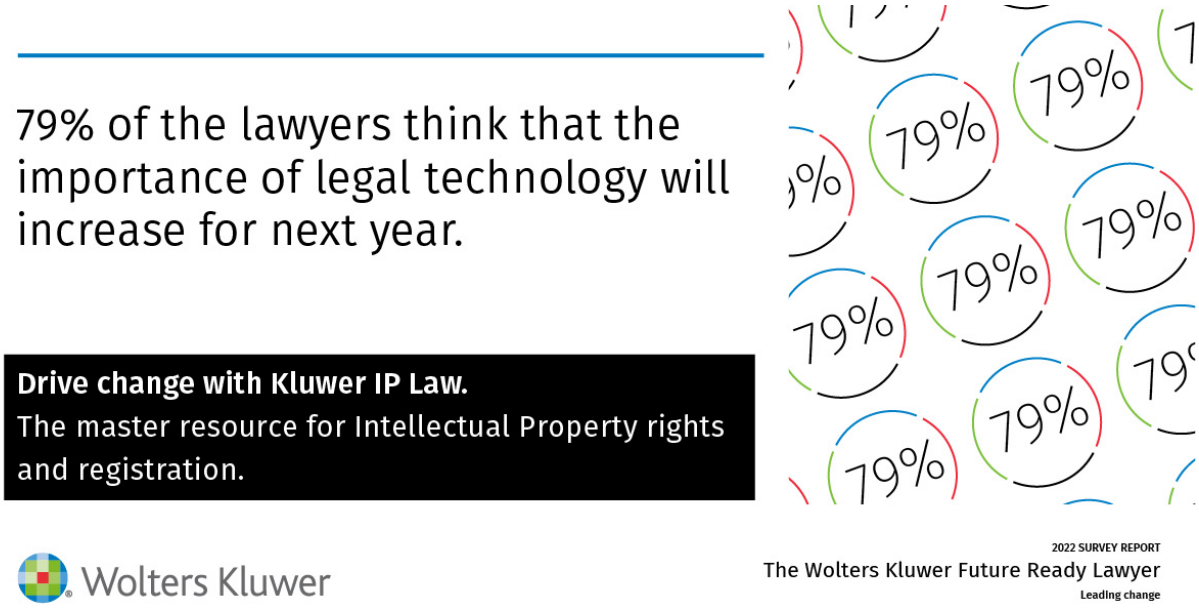

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