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Public libraries: the right to digitise and the right of reproduction

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"What the Court did not consider though, is that the outcome of the application of the 3-step test to the digitisation of each individual work for the purposes of making it available for research and private study purposes may conflict with the absolute prohibition of digitising the entire collection."

Judgment CJEU of 11 September 2014, Technische Universität Darmstadt v Eugen Ulmer KG (C-117/13). Request for a preliminary ruling from German Bundesgerichtshof (Federal Court of Justice).

The CJEU confirms the ancillary right of public libraries to digitise books from their collection in order to make them available by dedicated terminals without the rightholder's consent. However, in the opinion of the Court, this right does not allow publicly accessible libraries to digitise their entire collections.

The Court also gives its interpretation of the concept of 'purchase or licensing terms' used to define the works and other subject-matter which enjoy the limitation provided for in Article 5(2)(c) of the InfoSoc Directive 2001/29/CE (the 'Directive'). The Court clarifies that this concept refers to terms and conditions of an agreement that was actually concluded between the rightholder and the establishment referred to in the limitation, and not to mere contractual offers.

As regards the right of publicly accessible libraries to enable the users of dedicated terminals to print out on paper or store on a USB stick works available through such terminals, The CJEU avoids answering this question directly. The Court observes that the right to print out and store works is not included in the scope of the libraries' ancillary right of reproduction, but instead may be granted by the Member States to users under certain conditions.

Facts of the case

The Technical Universität Darmstadt (Technical University Darmstadt, 'TU Darmstadt') operated a publicly accessible library where it installed electronic reading points. These points allowed visitors not only to consult works from the library's collection in digital form, but also to print them or save them on a USB stick.

The TU Darmstadt rejected an offer of Eugen Ulmer KG ('Ulmer'), a publishing house, to

purchase books to which Ulmer held user rights, in the e-book format. Shortly after that, the TU Darmstadt digitised one of these books (the textbook of Schulze W., *Einführung in die neuere Geschichte)* and made it available through its reading points, without Ulmer's permission. Ulmer subsequently sued the TU Darmstadt for copyright infringement.

'Contractual terms actually agreed' or 'mere contractual offers'?

Ulmer claimed that having rejected its *offer* to purchase the textbook at issue in a digital format, the TU Darmstadt could no longer exercise its right to use the textbook by communication or making available for the purpose of research or private study under article 5(3)(n) of the Directive and paragraph 52b of the German Law on copyright (Urheberrechtsgezetz, 'UrhG') transposing this provision of the Directive.

Whereas article 5(3)(n) of the InfoSoc Directive specifies that the limitation is applicable to 'works and other subject-matter not subject to purchase or license terms', paragraph 52b of UrhG transposing this provision of the Directive, refers to the applicability of the limitation 'so far as there are no contractual provisions to the contrary'.

Answering the first question of the Bundesgerichtshof, the CJEU concluded that the concept of 'work subject to purchase or licensing terms' refers to 'contractual terms actually agreed as opposed to mere contractual offers' (points 26, 30). The possibility of a rightholder to deny the right of a publicly accessible library to benefit from the limitation by a unilateral and essentially discretionary action, would, in the opinion of the Court, be contrary to its core mission and the public interest which Article 5(3)(n) of the Directive aims to promote (points 27-29).

At the same time, the CJEU implicitly reconfirmed that the terms and conditions of an actual licensing agreement can override the limitation in question. But it should be kept in mind that licensing agreements are often concluded in form adhesion contracts, which imply asymmetry of information to the detriment of a weaker party. Allowing a licensing contract to override the limitation as such largely goes against the public interest promoted by the limitation and the core mission of publicly accessible libraries, which the Court emphasised in the first place.

Scope of the ancillary right of digitisation

The second question of the Bundesgerichtshof concerned the legitimacy of digitisation of a work from the library's collection for the purpose of exercising the limitation under Article 5(3)(n) of the Directive.

By construing Article 5(3)(n) in conjunction with Article 5(2)(c) of the Directive the Court formulated an 'ancillary right of digitisation' which Member States may grant publicly accessible libraries if such an act of reproduction is necessary for the purpose of making those works available to users by means of dedicated terminals within those establishments (points 47, 49).

The Court, however, gives this right a very narrow scope by limiting it on the 'condition of specificity'. According to the Court, this right is only applicable to 'some of the works of a collection' when it is necessary for the purposes outlined in Article 5(3)(n) of Directive. The 'necessity' of the digitisation should be evaluated based on the 3-step test envisaged in Article 5(5) of the Directive. The court explicitly underscores that the ancillary right of digitisation does not allow publicly accessible libraries to digitise their entire collections (points 45, 46).

What the Court did not consider though, is that the outcome of the application of the 3-step test to the digitisation of each individual work for the purposes of making it available for research and private study purposes may conflict with the absolute prohibition of digitising the entire collection. It remains unclear if, provided the conditions of the 3-step test are met, digitisation of a substantial volume of the works in the library's collection is lawful.

Functionality of dedicated terminals and users' rights: two sides of the same coin?

By the third question, the Bundesgerichtshof asked if the rights pursuant to Article 5(3)(n) of the Directive may 'go so far as *to enable* users of the terminals to print out on paper or store on a USB stick the works made available there' (emphasis added).

Firstly, the CJEU concluded that printing and storing constitute acts of reproduction which cannot be permitted under the ancillary right of reproduction (point 54). Secondly, the Court acknowledged this is not the library, but the users who actually carry out these acts of reproduction. As far as users are concerned, national legislation may grant them such rights under reprography and private use limitations, if the rightholder receives a fair compensation and other relevant conditions are met (points 55-58).

In the end, it remains unclear whether, by saying that the libraries cannot make reproductions themselves under the ancillary right of reproduction, the Court also implies that libraries are not allowed to enable the users to do so. If they are not, the users' right to reprography and private use with respect to works available through dedicated terminals, without relevant functionality of the terminals, are simply theoretical.

This approach may lead to the fact that users will effectively have narrower rights with respect to digital copies of works available by dedicated terminals than with respect to their analogue counterparts, which can be still copied, scanned and stored on USB sticks.

Concluding remarks

The analysis of the CJEU Judgement in TU Darmstadt v Ulmer once again supports the conclusion that digitisation of works in Europe 'remains a challenge' as the European Commission already concluded in its recent Report 'Cultural heritage: Digitisation, online accessibility and digital preservation'. That it remains a challenge is not surprising due to the tendency of both lawmakers and law enforcers to treat digital copies by the same rules as analogue copies and thus depriving the users of the former and society of the benefits of digitisation.

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