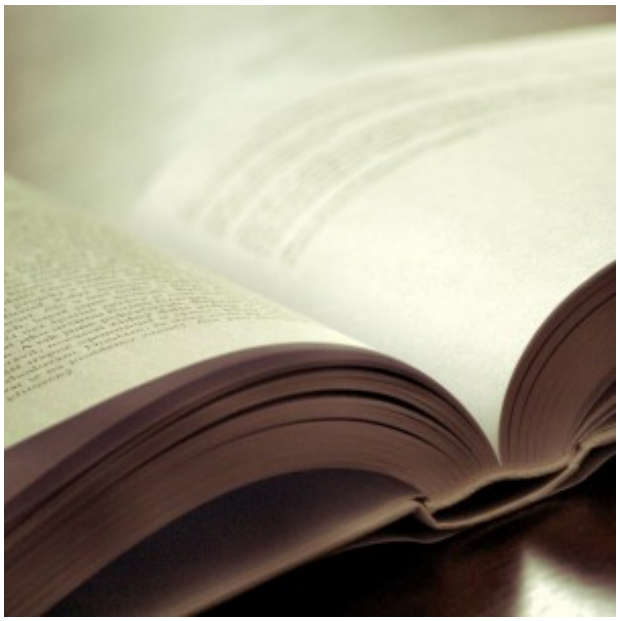
Kluwer Copyright Blog

Opinion of AG Wathelet in the Soulier and Doke case (C-301/15): Licensing exclusive rights requires express prior consent of the author; opt-out doesn't help.

Sylvie Nérisson (Max Planck Institute for Innovation and Competition) · Monday, August 15th, 2016



The prior express consent of the author is necessary to use a copyright work under EU law; the statutory presumption of collective management of copyright doesn't comply with the need for express prior consent, even with an opt-out possibility and for a legitimate objective, Advocate General Wathelet said in his opinion on the pending request for a preliminary ruling C-301/15 ("Soulier and Doke") on 7th July 2016.

The requirement for the prior, express consent of the author has not yet been expressly stated in EU law in relation to articles 2 and 3 of Directive 2001/29 (Infosoc directive). If the Court follows the opinion of the AG, the consequences will be twofold. First, the French scheme for out-of-print books will be held incompatible with EU law (and potentially with the Berne Convention). Second, and riskier in my opinion, this would bring into question several statutory collective management schemes, and those of extended collective licences; a bitter coup for both lawmakers and CMOs.

The question referred to the CJEU concerns a French law intended to solve the problem raised by the ownership of digital rights in books of the twentieth century. Since the French lawmaker considered it too heavy a burden for publishers to contact even still-living writers to negotiate digital rights, Act Nr. 2012-287 of 1st March 2012 relating to the digital exploitation of out-of-print books of the 20th century introduced a system of mandatory collective management, with opt-out possibilities (see Lucie Guibault's post on this Act). The act quickly received strong criticism because it turns the *droit d'auteur* paradigm on its head: the consequence of the lack of reaction by an author can be the lawful exploitation of a print book of his in digital form (see this paper by Franck Macrez, the scholar who also represents the plaintiffs before the courts). In 2013 a

government decree no. 2013-182 of 27 February 2013 detailed the practical aspects of the scheme.

The key points of the system introduced by the Act of 1st March 2012 for out-of-print books are presented in points 17 and 18 of the opinion. A detailed presentation of the scheme is available in English in Jane Ginsburg's paper at pp. 1425-1430 and the three-page long point 10 of the opinion translates most of the provisions at issue.

Overview of the proceedings

Two writers (Sara Doke and Marc Soulier aka Yal Ayerdhal) sought the annulment of the decree before the Conseil d'Etat. Before reviewing the decree, the Conseil d'Etat referred a priority question to the Conseil constitutionnel, as the plaintiffs pleaded that the Act violated their constitutionally protected property rights. By decision of 28 February 2014, the Conseil constitutionnel held that the Act of 1st March 2012 did not constitute a disproportionate interference with the property right, in light of the public interest objective pursued by the legislature. It is noteworthy that since this decision, the only article of the Act that, in my opinion, truly served the public interest, L 134-8 (allowing public libraries to freely communicate books that had been digitised thanks to the Act of 1st March 2012 but for which no right holder has been found), was repealed by Article 3 of the Act no 2015-195 of 20 February 2015.

As the Conseil d'Etat reviewed the decree, it considered that the response to the plea relating to the Infosoc directive needed an answer from the European Court of Justice. By decision of 6 May 2015, it consequently referred the following question: "Do Articles 2 and 5 [art. 3 has been forgotten, see point 24 of the opinion] of Directive 2001/29 preclude legislation […] that gives approved collecting societies the right to authorise the reproduction and the representation [i.e. communication to the public] in digital form of "out-of-print books", while allowing the authors of those books, or their successors in title, to oppose or put an end to that practice, on the conditions that it lays down?" In other words, is a statutory presumption of collective management compatible with exclusive rights of Directive 2001/29 considering there is an opt-out possibility?

The Opinion of AG Wathelet

AG Wathelet's main arguments in support of his opinion that the French Act of 1st March was not compatible with EU law were as follows:

– The non-relevance of exceptions and limitations

Nothing in the *exhaustive* list of exceptions and limitations in Article 5 Directive 2001/29 can be considered as covering the use concerned by the Act of 1st March 2012 (points 27 to 31).

– Scope of the exclusive rights

The core of the opinion is in point 39: "the author's express and prior consent for the reproduction or communication to the public of his work cannot be eliminated, assumed or limited by substituting it with tacit consent or a presumed transfer which the author must oppose within a fixed time limit […]. It follows that national legislation like the decree at issue, which replaces the author's express and prior consent with tacit consent or a presumption of consent, deprives the author of an essential element of his intellectual property rights."

– The possibility of opt-out

The possibility to opt-out "in no way alters" the need for a prior express consent (point 40). Going further, and contradicting the Conseil d'Etat's decision of 6 May 2015 (see considérant 7), the Advocate general considered that the opt-out amounts to a formality prohibited under Article 5(2) of the Berne Convention (footnote 30).

– Interplay with the Orphan works directive

The comparison of the French Act of 1st March 2012 with the exception in the Orphan works directive reveals two more reasons why the French scheme for out-of-print books doesn't fit into the EU Acquis: first, the requirements imposed on the use of an orphan work are far more stringent than those applicable to 'out-of-print' books (point 52); and second, whilst the orphan works exception "expressly precludes any exploitation of an orphan work for commercial purposes" the French Act at issue foresees *only* the commercial exploitation of 'out-of-print' books (point 53).

My views on the opinion

The opinion of AG Wathelet is reassuring for the consistency of copyright law; especially for opponents to the French Act of 1st March 2012 who might have felt lonely and perplexed when the Conseil constitutionnel found the Act to be compatible with the constitution, although: "Why should the publisher bother negotiating with the author for digital rights if the publisher can get those rights by transfer of law? Arguably, […] the law expropriates authors […] for the benefit of for-profit publishers" (Jane Ginsburg's paper at 1428).

I therefore hope that the CJEU will follow the opinion of AG Wathelet as far as the French Act of 1st March 2012 is concerned: this Act contradicts both the core principles of authors' rights and contractual fairness. It mainly rewards publishers for doing nothing. A book becomes out-of-print because its publisher doesn't exploit it anymore. The French act recompenses this with a choice for this publisher: either an exclusive licence to exploit the digitized book (he/she doesn't even have to digitize it, see the fenixx business) or a share of the remuneration of the exploitation of the e-book if someone else exploits it.

BUT, I also hope that a condemnation of the French Act of 1st March 2012 won't condemn all cases of statutory schemes for collective management of exclusive rights, which is what the opinion of AG Wathelet seems to do. Even the severe Article 5.7 of the Collective management directive allows such schemes, in its phrase about the requirement for specific consent for rights that the author authorises the CMO to manage. A solution could be to leave Member States the freedom to introduce mandatory collective management of exclusive rights only in cases where individual licensing doesn't make sense. For example, the recent reform introducing mandatory collective management of rights for reproduction and communication in the course of indexing images in online search results would pass this test.

The Hewlett-Packard v. Reprobel decision has already disturbed the old balance achieved by lawmakers with the fragile and precious tool of collective management. If the court now follows the opinion of AG Wathelet in its entirety, it would kill a fly with a cannon, and make a deep reform of EU law even more urgent than it currently is, in order to rescue extended collective licencing schemes in a more effective way than recital 18 Directive 2001/29. Indeed, due to the narrow list of exceptions, whose scope may not be extended, mandatory collective management and extended collective licences are the only flexibility available to lawmakers wishing to reward creators and performers for, but not to prohibit, a new way of using copyright works.
The EU Commission already struggles with its ambitious plans for copyright reform (the draft expected for spring is now awaited for September), and I imagine that the EU agenda already contains many other burning issues.
Fingers crossed.

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