Kluwer Copyright Blog

The end of a legal franchise – The German BGH concludes the sampling saga in Metall auf Metall IV

Bernd Justin Jütte (University College Dublin) and Giulia Priora (NOVA School of Law Lisbon) · Wednesday, August 5th, 2020

Summary

On 30 April 2020, the German Federal Court of Justice (BGH) delivered its ruling in the ‘Metall auf Metall’ saga. It decided that the appeals court had erred in finding that reproduction of a two-second sample infringed the reproduction right of a phonogram producer before the coming into force of Directive 2001/29/EC (InfoSoc Directive). However, post-InfoSoc, the reproduction of a two-second sample constitutes an infringement and does not fall within the scope of an exception.

Facts

The facts of the case are well known and have been summarized here, here and here. In 1997, the German music producer Moses Pelham produced the song ‘Nur Mir’ for the German artist Sabrina Setlur. He used a two-second-long sample from the song ‘Metall auf Metall’ by the German band Kraftwerk. The latter alleged an infringement of their right in the sound recording. As the case progressed through the German court system, the BGH found that even the smallest samples would infringe the reproduction right if taken without authorization, unless it was impossible to record the sample independently. The German Constitutional Court (BVerfG) rejected this restrictive interpretation as incompatible with the fundamental right of artistic freedom. It suggested that the

BGH refer questions to the Court of Justice of the European Union (CJEU) on the interpretation of the reproduction right for phonograms, the compatibility of section 24(1) of the German Copyright Act (UrhG) with EU law and the applicability of copyright exceptions to sampling. The Luxembourg Court rendered its judgment in 2019 (see here and here for comments on the AG Opinion).

Analysis

The 'Metall auf Metall' saga reaches back to 1997 when the song 'Nur Mir' was first released. In 2001, the EU legislator passed the InfoSoc Directive, which harmonizes relevant aspects of national copyright laws, most notably exclusive rights and limitations and exceptions. Accordingly, the BGH distinguished between acts before the transposition deadline of the InfoSoc Directive on 22 December 2002, and acts committed after that. While situations before 22 December 2002 are governed entirely by German Law, situations after the transposition deadline are subject to the harmonized rules and must be interpreted in the light of EU law and the CJEU's jurisprudence. However, Member States do retain a certain margin of discretion in areas which are not fully harmonized. In these areas, Member States are free to apply their own constitutional standards of fundamental rights protection, whereas fully harmonized areas are subject to the fundamental rights regime of the EU Charter.

The approaches of the two courts to the parallel existence of fundamental rights regimes are different. The CJEU maintains that in areas that are not fully harmonized Member States can apply national standards of fundamental rights protection as long as the application of such standards does not undermine the level of protection provided by the EU Charter. The position of the BVerfG is that areas which are not fully harmonized permit for a plurality of fundamental rights traditions in the EU, as opposed to a uniform level of protection. In such situations it is presumed that the application of national standards guarantees the level of protection provided by the EU Charter.

Reproduction of Samples

The most prominent question raised in the dispute relates to the legality of sampling. Moses Pelham had argued that he should be allowed, without prior authorization, to use a two-second rhythm sequence he had taken from Kraftwerk's 'Metall auf Metall'. Kraftwerk had argued that unauthorized sampling would infringe their rights as producers of the phonogram from which the sample had been extracted. In its 2012 judgment, the BGH ruled that the user of a sample violates the exclusive right of phonogram producers under Section 85(1), first case, first sentence UrhG if he takes a sample which he could have recorded himself. The BGH came to this conclusion by reading Section 85 in connection with the 'free use' defence of Section 24 UrhG. According to the BGH, Section 24, applied to phonograms by analogy, constitutes an inherent limitation to the scope of the exclusive right of phonogram producers. After the judgment of the BVerfG in 2016, the BGH had to depart from this interpretation because the constitutional court had decided that such a reading would not sufficiently take the right to artistic freedom of Article 5(3) of the German Basic Law into account.

The BVerfG's application of German fundamental rights only applies to potentially infringing acts which occurred before 22 December 2002. For acts committed after the deadline for implementation of the InfoSoc Directive, the BGH decided in 2017 to seek clarification from the CJEU. Two years later, the CJEU gave its interpretation of Article 2(c) InfoSoc Directive in the

light of a proper balance to be struck between the applicable fundamental rights of the EU Charter and other systemic principles of copyright law as harmonized at EU level (e.g. high level of protection, proper balance between the interest of rightholders and users). Accordingly, any reproduction of a sample, even a very short one, constitutes an infringement of the right of phonogram producers in their phonograms, unless the sample is used in a new song in modified form unrecognisable to the ear. In its April decision, the BGH found that, the standard to be applied is that of an average music listener. This audience best reflects the aim of striking a balance between the exercise of artistic freedom and the economic interests of phonogram producers. In the case of 'Nur Mir', the BGH found that the sample taken from 'Metall auf Metall' was still recognizable in its characteristic features.

No 'free use' – no open norm

The 'free use' defence allowed the reproduction of certain samples in Germany before the adoption of the InfoSoc Directive. However, the Directive harmonized exceptions and limitations in its Article 5, which does not include an exception that permits the creation of an independent work "in the free use of the work of another person". Although Section 24 UrhG is also applicable by analogy to phonograms, the absence of an equivalent exception in Article 5 InfoSoc Directive means that a user cannot rely on Section 24 UrhG to justify the unauthorized use of a sample. Article 5 harmonized exceptions and limitations exhaustively and Member States are not allowed to maintain other exceptions or limitations in their national laws. To reconcile the 'free use' mechanisms with the rules of the InfoSoc Directive, in its decision the BGH saw an inherent limitation to the scope of Article 2(c) of the InfoSoc Directive for the criterion of a reproduction "in a modified form unrecognisable to the ear" (for further analysis, see here).

Inapplicable exceptions

Having found that the taking of the two-second-long sample constituted a prima facie copyright infringement, the BGH examined whether the use fell within the scope of one of the exceptions contained in the UrhG. By virtue of Section 85(3) UrhG, the exceptions are applicable by analogy to the rights of phonogram producers. The three relevant exceptions (i.e. quotation, incidental inclusion, and parody and pastiche) constitute implementations of Article 5 InfoSoc Directive and have to be interpreted in the light of EU law. In interpreting national exceptions Member States must ensure that all conditions of the exception, as it appears in the InfoSoc Directive, must be reflected in the national law. The implemented exceptions must also conform to the general principles of EU law, especially the principle of proportionality. Further, the margin of discretion available to Member States when adopting an exception cannot be used to compromise the object and purpose of the InfoSoc Directive, which is to maintain a high level of protection for rightholders (recitals 1 and 9), while ensuring the smooth functioning of the internal market and the effectiveness of the respective exception in achieving a fair balance between the interests involved (recital 31). Moreover, the margin of discretion is limited by the three-step test (see here) of Article 5(5) InfoSoc Directive, and Member States must ensure that their national implementation respects the fundamental rights enshrined in the EU legal order.

In light of these principles, the BGH rejected the application of all three relevant exceptions. The quotation exception enshrined in Section 51 UrhG failed because the Pelham production does not enter into an intellectual discourse with the work from which the sample is taken. This would require, according to the BGH, that the fragment can be identified as alien to the work that integrates the sample. The judges refer to the Opinion of AG Szpunar in *Pelham*, who had argued

that a sample, in order to form the basis for an interaction or dialogue, must be recognizable as an alien part. In 'Nur Mir' the sample is not recognizable as alien and therefore an interaction between this song and Kraftwerk's 'Metall auf Metall' cannot be established. The use is further not incidental (Section 57 UrhG), because the sample features prominently throughout the song and constitutes a distinctive element of the sound recording. Finally, the BGH rejected the applicability of the parody and pastiche exception. Two aspects are interesting to note in this respect. First, the BGH continued to follow the jurisprudence of the German courts, according to which the free use defence ex Section 24(1) UrhG constitutes an exception for the purposes of caricature and parody as an implementation of Article 5(3)(k) InfoSoc Directive. The conditions of the exception as interpreted by the CJEU in *Deckmyn* are, however, not fulfilled, as the song 'Nur Mir' does not constitute a form of humour or mockery. Second, while the application of Section 24(1) UrhG to parodies has a long history in German copyright jurisprudence, such a tradition does not exist for pastiche. Therefore, it cannot be assumed that the German legislator, when implementing the InfoSoc Directive, implicitly established a pastiche exception under the umbrella of 'free use'. This is different for caricature and parody, which had a long tradition in German case law. A development of copyright exceptions to include pastiche would require *ad hoc* legislative intervention.

On this basis, the BGH annulled the decision of the appeals court. For acts before 22 December 2002 no infringement took place under national law, and for acts after the transposition deadline of the InfoSoc Directive no factual findings had been made in the proceedings before the Higher Regional Court Hamburg.

Distribution

Lastly, the BGH addressed the potential infringement of the distribution right after 22 December 2002. The CJEU had interpreted the distribution right for phonograms under Article 9(1)(b) Directive 2006/115/EC to the effect that a phonogram containing fragments of another phonogram did not constitute a copy of the latter. An infringement of the distribution right would only take place if an entire phonogram, or significant parts thereof, had been reproduced and subsequently brought into circulation.

The BGH also distinguished between the right of reproduction and the right of distribution in relation to injunctive relief. An injunction to stop the distribution to the public is only available to rightholders when the distribution right has been infringed. This was not the case here, as no substantial part of the original phonogram had been reproduced. However, the claimant could still rely on claims available under the reproduction right, namely to recall and destroy infringing copies.

Conclusion

The judgment of the BGH does not surprise. It 'implements' the CJEU guidelines without much criticism and eventually answers the legal questions raised more than two decades ago.

The marching orders given by the CJEU prevent a teleological interpretation of Section 24 UrhG, whose purpose is precisely to enable creativity. This becomes apparent when comparing the pre- and post-InfoSoc interpretations of the 'free use' defence. While, untainted by EU harmonization, 'free use' could serve as a playground for fundamental rights, after InfoSoc the function of Section 24 is limited to accommodating the unwritten quotation defence. Under the pressure of full EU

harmonization, the BGH cannot maintain flexibility and a more elaborate fundamental rights discourse within a small area of judicial discretion.

The expansive interpretation of related rights therefore loses a counterweight in the form of a malleable exception or limitation. The use of samples will become expensive, and not necessary from a financial, but rather from an informational perspective. Artists are now faced with a fragmentation of rights in relation to musical creations. The scope of protection enjoyed by musical works and phonograms has become different, with the latter enjoying a higher degree of protection in relation to the reproduction right. For the distribution right, this difference does not exist, but in general the distribution right seems to be more forgiving. In any case, the room for musical creativity has shrunk significantly.

A positive note is that the BGH applied a relatively reasonable standard to determine whether a sound recording has been infringed. The notion of an average music listener reflects market realities and pursues a substitutability rationale that protects the economic interest of the phonogram producer. Arguably more unfortunate is the standard applied for the quotation exception for musical works, which requires that the integrated sample must be recognizable as alien to the new creation without the original sample for comparison. This will make it extremely difficult to argue successfully for the only exception seemingly applicable to sampling, at least in Germany, where a pastiche exception does not exist.

Finally, the BGH should be lauded for an act of rebellion. By maintaining the legality of the free use defence as a shell for the quotation defence, it preserves national copyright tradition and demonstrates some systematic pluralism in copyright. In the future, such a national instrument may prove an effective way to inject much needed flexibility into the copyright paradigm, and possibly provide a way out of the encrusted dilemmas of EU copyright harmonization.

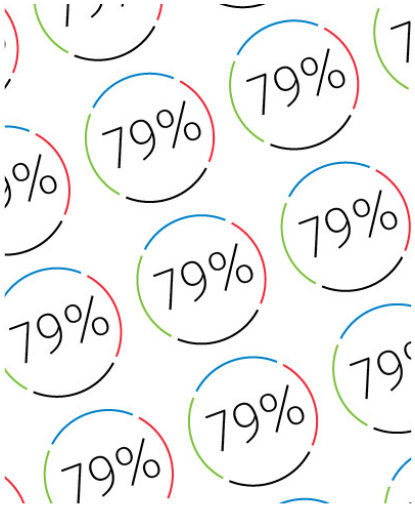
To make sure you do not miss out on regular updates from the Kluwer Copyright Blog, please subscribe here.

Kluwer IP Law

The **2022 Future Ready Lawyer survey** showed that 79% of lawyers think that the importance of legal technology will increase for next year. With Kluwer IP Law you can navigate the increasingly global practice of IP law with specialized, local and cross-border information and tools from every preferred location. Are you, as an IP professional, ready for the future?

Learn how **Kluwer IP Law** can support you.

79% of the lawyers think that the importance of legal technology will increase for next year.



Drive change with Kluwer IP Law.
The master resource for Intellectual Property rights and registration.

Wolters Kluwer

2022 SURVEY REPORT
The Wolters Kluwer Future Ready Lawyer
Leading change

This entry was posted on Wednesday, August 5th, 2020 at 4:28 pm and is filed under inter alia, for ensuring that EU law is interpreted and applied in a consistent way in all EU countries. If a national court is in doubt about the interpretation or validity of an EU law, it can ask the Court for clarification. The same mechanism can be used to determine whether a national law or practice is compatible with EU law. The CJEU also resolves legal disputes between national governments and EU institutions, and can take action against EU institutions on behalf of individuals, companies or organisations.">CJEU, Communication (right of), European Union, Exceptions, Germany, Infringement, Limitations
You can follow any responses to this entry through the Comments (RSS) feed. You can leave a response, or trackback from your own site.