COMMENTS

Roger Mann

New Aspects of the Right of Reproduction and the Use of Archives in Germany

Complaints filed by a German publisher of financial and economic information and by the German Publishers' Association have given the German Federal Supreme Court ("Bundesgerichtshof") the opportunity to develop the legal framework for the use of archives under the influence of new information technologies. On the basis of the *CB-infobank I* decision,[1] the court had to decide in two further cases whether it is legal under German law for archives to offer reproduction of articles to third parties without the permission of the copyright owners.

As they had done in the *CB-infobank I* case, the archives relied on section 53, subsections 1 and 2, paragraphs 2 and 4a of the German Copyright Act (*Urheberrechtsgesetz*), which says:

> Sec.53 subsec. 1: It shall be permissible to make single copies of a work for private use. A person authorised to make such copies may also cause such copies to be made by another person; however, this shall apply to the transfer of works to video or audio recording mediums and to the reproduction of works of fine art only if no payment is received therefor.
> Subsec.2: It shall be permissible to make or to cause to be made single copies of a work
> no.1: . . .
> no.2: to be included in a personal archive, if and to the extent that reproduction for this purpose is necessary and if a personal copy of the work is used as the model for reproduction, . . .
> no.4a: for other personal uses, in the case of small parts of published works or individual contributions that have been published in newspapers or periodicals, . . .

The rightholder is reimbursed for the reproduction of a work without his consent by virtue of a claim against manufacturers of reproduction equipment for equitable remuneration, where the nature of the work makes it probable that it will be reproduced (s. 54a of the Copyright Act). According to section 54h (1), this claim may only be asserted by a collecting society.

The CB-infobank I Case

In the *CB-infobank I* case, the Federal Supreme Court decided that the requirements of section 53 (2) (2) of the Copyright Act are not met if a copy of a work is stored in an archive which is (at least collaterally) intended to be used by third parties. Furthermore, the court ruled that the reproduction of works is not permitted under section 53 (2) (4a) if it is carried out as part of a research service for third parties.

This decision was made on the basis of the following facts:

The aforementioned publisher of financial and economic information who also runs his own on-line database had sued a bank which created an archive compiled from newspaper and magazine articles, including those published by the claimant. This archive was not only accessible for employees of the bank but also for its customers, who could use the research service of the bank archive as an additional service, if they were looking for publications on a certain topic. The bank archive would provide the customer with photocopies of articles which resulted from its research.

The court rejected the argument that this type of archive was privileged under section 53 (1) as the archive was not maintained for "private use".[2] According to the court, section 53 (2) (2) was also not applicable to the bank's archive, because third parties also had access to the archive. The court argued that section 53, as an exemption from the general rule that the copyright holder has to agree to the use of his work (s. 15 *et seq.* and s. 97 *et seq.*), has to be interpreted restrictively in the light of the intention of the legislator. In this case it was the intention of the legislator to permit archives for the mere purpose of securing the original works or authorised copies obtained. This does not include maintaining archives for the use of third parties—even if it is only collaterally for the use of third parties. This kind of use exceeds the limited statutory archive privilege in section 53 (2) (2) and restricts the rights of the author beyond the legislator's intention, because these third parties would otherwise have to use an authorised copy of the work, which they will in most cases have obtained in a way that the author would benefit from it (*e.g.* purchase a licensed copy).

Finally the court examined the possibility of a privilege under section 53 (2) (4a) and rejected this possibility as well: this provision enables even commercial users of works to reproduce "small parts" of a work (which includes separate articles in a newspaper[3]) for "personal use". Therefore the bank's client who is requesting the information might be privileged under this provision and one might argue that the bank is simply giving assistance in actually producing the copy, just like a photocopying shop, whose activity is permissible under section 53 (2). However, the court ruled

1 BGH, January 16, 1997 [1997] G.R.U.R. 459.

2 See also BGH [1978] G.R.U.R. 474 at 475.

3 See Schricker-Loewenheim, *Urheberrecht* (2nd ed., 1999), s. 53, margin note 32.

that not only the client but also the bank was already "using" the works in the archive because the bank's service was not limited to the mere reproduction of the works under the client's instructions. With its research service, the bank was already exploiting the works in a way which was not privileged and therefore required the consent of the rightholder.

Decision of December 10, 1998: Continuation of CB-infobank I

With its ruling handed down on December 10, 1998,[4] the German Federal Supreme Court continued its jurisdiction over the use of archives on the basis of the following facts:

Sued by the same publisher as in the *CB-infobank I* case, the defendant in this case was a service provider who offered to its clients the following service: the clients mainly consisting of companies) would provide the defendant with copies of newspapers and magazines where specific articles had been marked to be archived. The defendant scanned these articles, saved and indexed them according to the specifications of the clients and sent them to the clients as a printout, digital facsimile or on disk. The clients then stored the articles in their own database and made them accessible to its employees frequently in the form of a press review.

The court considered the reproduction made by the defendant to be a violation of the authors' exclusive right of reproduction (section 16 of the Copyright Act), because the archives of its clients were not regarded as privileged under section 53 (2) (2).

At first glance this result might seem surprising because the reproductions were made from the clients' own samples and their archive was only to be used by their own staff. Therefore the requirements of section 53 (2) (2) seem to be met. However, the court again pointed out that this provision has to be interpreted restrictively, and with a view to the intentions of the legislator, because of its character as a restriction of the copyright of the author and as an exception to the rule that the author has the exclusive right of reproduction. As already mentioned in the *CB-infobank I* decision, the court quotes the intention of the legislator as follows: when this provision of the Copyright Act was drafted, the legislator had in mind a situation where, for example, a library would reproduce its stock on microfiche to make storage easier and probably secure it at another location. This was considered as acceptable for the copyright holder because no further use was made of the work beyond the use of the originals or authorised copies. The requirement that such reproductions were only permitted to be made from authorised copies owned by the respective archive should ensure that this provision was not exploited by the library for other reasons, for example in order to extend its own stock by reproducing copies of third parties, *e.g.* other libraries.

In the light of these intentions, the court ruled that the reproduction of works for the purpose of a company archive or database is not privileged under section 53 (2) (2), even if the use of the archive is limited to the employees of this company.

Unlike a traditional archive based on paper copies or microfiche, which can only be used at the place of the archive itself, an archive based on an I.T.-database is accessible almost anywhere and reproductions can be made and distributed without any control of the copyright holder. Therefore, when reproductions of a work are entered into a company archive which is part of a company network, an electronic database is created which is accessible even simultaneously for numerous staff members at their desks. As a result the use of the original work is increased substantially, but the author or other copyright holder does not benefit from this further exploitation of his work. In the specific case it is likely that the clients of the defendant will reduce the number of their subscriptions of the original newspapers and magazines.

As this kind of restriction of the copyright was never intended by the legislator of the Copyright Act according to the Federal Supreme Court, such reproductions are not privileged under section 53 (2) (2).

This decision is even stricter than the *CB-infobank I* ruling. Even though the reproductions were made for an archive which was not intended to be accessible to third parties, the court ruled that the mere possibilities which were offered by an electronic archive were sufficient to exclude this use from the archive privilege provided in section 53 (2) (2).

The Public Library: Decision of February 25, 1999

In its decision of February 25, 1999,[5] the Federal Supreme Court specified the requirements to be met when invoking section 53 (2) (2).

In this case the German Publisher's Association sued the German state of Lower Saxony as authority responsible for the Hanover Technical Information Library ("TIB"). The TIB collects all sorts of publications, mainly in the area of civil engineering, chemistry, I.T., mathematics and physics. Third parties can order photocopies of articles stored by the TIB which it will send out via fax or mail. The TIB advertises its services, and its catalogues are accessible on-line. For these kind of services, the TIB charges the users of the library.

The defendant relied on section 53 (2) (4a), according to which "individual contributions that have been published in newspapers and periodicals" may be reproduced for personal use. Against the background of the *CB-infobank I* case, it was important for the decision of this case to determine whether the services offered by the TIB would already be considered as use of the work or if the TIB was only offering assistance to persons privileged under section 53 (2) (4a), so that the TIB's activities were permissible under section 53 (2).

In the *CB-infobank I* case, the Federal Supreme Court had ruled that section 53 (2) (4a) was not applicable because the bank maintaining the archive not only reproduced copies of stored works but also offered a research service. According to the court, this exceeded the role of assistance, and resulted in an own use of the work.

4 BGH [1999] N.J.W. 1964.

5 BGH [1999] N.J.W. 1953.

The role of the TIB was different: although it has made its stocks available through its inventory (including on-line) the user decided which article he would like to have prior to contacting the TIB. The TIB only reproduced articles specified by the user. This was the main difference from the *CB-infobank I* case. These services are comparable to those of a photocopying shop, with the only difference being that the users of the TIB may not be present and that the TIB may send the reproductions to these users. However, the court ruled that this is closer to mere technical assistance to a privileged user, which is permissible according to section 53 (2) rather than own use of the work when carrying out research prior to the reproduction and literally selecting the articles.

The claimants had argued that, in view of Article 9 of the Revised Berne Convention, Articles 9 and 13 of TRIPs and the guarantee of property in Article 14 of the German Constitution, section 53 of the Copyright Act had to be interpreted restrictively, with the result that the ordering of reproductions from public archives would have to be considered as violation of the copyright. This view was not shared by the court, which considered a mandatory royalty sufficient. The court argued that the availability of information is essential in a modern society. Therefore the legislator had to find a solution for the conflict between the interests of the author of a work on one hand and the interest of the public on the other.

The interests of the authors are protected by Article 9 of the Revised Berne Convention, Articles 9 and 13 of TRIPs and the guarantee of property in Article 14 of the German Constitution. According to Article 9 of the Revised Berne Convention and Articles 9 and 13 TRIPs, it shall be a matter of legislation in the Member States to permit reproduction without the author's consent in special cases, provided that, *inter alia*, the reproduction does not unreasonably prejudice the legitimate interests of the author. Both conventions have to be taken into consideration by German courts when interpreting the Copyright Act, as they have been implemented in German law, and German courts acknowledge the principle of convention-friendly interpretation.

The German Federal Supreme Court acknowledged that the interests of authors are affected increasingly as a result of the development of the new media. Articles are entered into such archives as the TIB on the day of their publication and on-line users may order these articles also the same day. Therefore such archives are now competing more and more with the original publication itself. However, because of the public interest in the availability of information described above, the court considered a mandatory royalty sufficient to take care of the interests of authors in such cases, as long as these royalties are equitable. In the light of the increasing importance of the use of public archives and their competing role with the original publication, the court considered the provisions of section 54a of the Copyright Act, which give the author a mandatory claim against the manufacturer of reproduction equipment, as *insufficient* and ruled that the author has an *additional claim against the archive* by analogy with the regulations in the Copyright Act which provide for a mandatory royalty in similar situations, such as renting of original works (s. 27 (2) and (3) of the Copyright Act) and press articles and broadcast commentaries (s. 49 (1) of the Copyright Act). However, in the specific case, the court still rejected the claim of the Publishers Association because these claims can only be asserted by collection societies.

Summary

The aforementioned judgments reveal that the interpretation of the statutory copyright provisions in Germany are more and more influenced by technical developments. The Copyright Act is being constantly amended, the last time being in 1998, when a new section 53 (5) was included, which mainly excludes databases where separate elements are accessible by electronic means from the privilege of section 53 (2) (2) to (4). However, the courts still have to cope with the fast changes in the electronic world which have affected the use of archives in the last years. With the three aforementioned rulings, the German Federal Supreme Court has attuned the statutory provisions in the Copyright Act to the recent technical developments and clarified that, notwithstanding the wording of section 53 *et seq.* of the Copyright Act, an author

— may prevent the use of his work in an electronic archive with numerous users;
— may prevent the use of his work in an archive which not only reproduces articles specified by the user but also offers research to find and select articles;
— is entitled to additional mandatory royalties where archives not only give access to their stock but also offer to reproduce and send to users articles specified by these users.

DR ROGER MANN