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Intellectual Property Rights Enforcement and the Internet:
International and European Perspectives

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# Intellectual Property Rights Enforcement and the Internet

International and European Perspectives

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INTRODUCTION

The aim of the dissertation is to analyze the perspectives taken at the international, European and national level regarding the enforcement of intellectual property rights on the Internet. The dissertation will then stress the differences among the analyzed systems and offer a solution to resolve their weaknesses.

The starting point of the analysis is the WIPO Copyright Treaty of 1996, in Chapter 1. The Chapter will address the foundation laid at international level for the protection of digital IP rights. On the one hand, it will be addressed the transposition of some of the Berne Convention Articles into the digital environment; on the other, it will be pointed out at new rights and specific kinds of protection awarded by certain new technologies, such as software and databases.

Chapter 2 will instead focus on the treatment of *sui generis* IP rights, namely domain names. In particular, it will be addressed the role of a private corporation (ICANN) in the administration of domain names. The Chapter will then turn to the role of WIPO and national governments in the administration of domain names. Moreover, the Chapter will analyze the uniform procedure adopted by ICANN and carried out by different service providers, among which the WIPO Arbitration and Mediation Center, to resolve disputes concerning domain names. The system represents in fact a uniform and balanced solution for the enforcement of IP rights in the digital era.

The European reaction to the digitization of intellectual property rights will be addressed in Chapter 3. The Chapter will analyze the implementation of the WIPO Copyright Treaty as carried out at European level and other EU Directives that contributed to build the framework in which Member States implemented their national systems, namely the InfoSoc Directive, the Enforcement Directive, the Software Directive, and the Database Directive. The role of the Court of Justice of the European
Union in shaping the contours of the European legislation will be explored, especially with regard to the compliance of certain national enforcement measures with EU law.

The last Chapter will analyze the results of Member States’ action in implementing the EU Directives, with particular attention to the systems adopted to enforce digital copyright in the Internet era. The examples taken will be the French example (the Law HADOPI) and the Italian one (the AGCOM Regulation). After stressing the differences between the two systems, the analysis will find that none of them can be said to be a good model to follow. More generally, it will be found that national solutions to the problem have proven to be unsatisfactory. For this reason, Chapter 4 will address two recent trends that aim at building better enforcement systems. The first trend is the switch from a top-down approach to a bottom-up approach through a stronger participation of ISPs in the fight against piracy. The second trend is the search for a new international solution, manifested by the Anti-Counterfeiting Trade Agreement (ACTA) and recent initiatives by the European Commission.

Lastly, the positive aspects from the analyzed systems will be put together in a single system, in the attempt to offer a better solution to the enforcement of IP rights in the digital environment. The author advocates a concerted international solution that could build the basis of a new and effective intellectual property rights enforcement system.
Chapter 1

The WIPO Copyright Treaty:
Towards the International Harmonization of
Digital Intellectual Property Rights

Intellectual property and the rights attached thereof have an intangible nature. Although they may be protected by national legislation, their intangibility made their infringement possible in other countries, whose laws may choose not to protect them. Over time, countries seeking a strong protection of intellectual property rights recognized that the only suitable remedy is the international harmonization, which include standardization of national laws and enforcement procedures. The fora aimed at such harmonization have been identified with international organizations, such as the World Intellectual Property Organization (WIPO) and the World Trade Organization (WTO), and regional organizations, such as the European Union (EU). To date, the WIPO is the organization administering the most part of treaties relating to intellectual property, and it is also the preferred forum for the negotiations of new treaties. The WIPO is a specialized United Nations (UN) agency formally created in 1970 with the Convention establishing the World Intellectual Property Organization. It inherited its mandate from the Bureaux Internationaux Réunis pour la Protection de la Propriété Intellectuelle (BIRPI), which was created to administer the Berne, Paris and Rome Conventions. These three conventions constituted the very first efforts towards the internationalization of intellectual property rights protection, and were, in part, reinstated and updated by the TRIPs Agreement (Agreement on Trade-Related Aspects of

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2 *Id.*
3 The Convention establishing the World Intellectual Property Organization was signed at Stockholm, Sweden, on 14 July 1967 and entered into force on 26 April 1970.
4 Convention Establishing the World Intellectual Property Organization, Article 3: “The objectives of the Organization are: (i) to promote the protection of intellectual property throughout the world through cooperation among States and, where appropriate, in collaboration with any other international organization, (ii) to ensure administrative cooperation among the Unions.”
Intellectual Property Rights) negotiated and executed in 1994.\(^6\)

1.1.1. The WTO and the TRIPS Agreement

The TRIPS Agreement was adopted within the General Agreement on Tariffs and Trade (GATT) and WTO negotiations, unlike the aforementioned Conventions, which were instead administered by an international organization specialized in intellectual property (the WIPO). During the Uruguay Round, countries were divided on the question of whether or not the GATT (then WTO) was the more appropriate organization for an agreement on the protection of intellectual property rights.\(^7\) In particular, developing countries shared the view that it was for the WIPO and not for the GATT to determine the substantive standards of intellectual property protection.\(^8\) However, a compromise was reached so that the TRIPS negotiations were limited to trade-related aspects of intellectual property.\(^9\) Undoubtedly, with the adoption of the TRIPS Agreement, the role of the WTO in the global governance of intellectual property reached its peak.\(^10\) Notwithstanding that two different international organizations were trying to regulate globally the protection of intellectual property rights, the action of the one did not impair the other, and the resulting system was reasonably homogeneous.\(^11\) On the one hand, many substantive norms on copyright and related rights contained in the TRIPS correspond to the level of protection previously established by the Berne, Paris and Rome Conventions.\(^12\) On the other hand, the TRIPS contained

\(^{6}\) The TRIPS Agreement is the Annex 1C of the Marrakesh Agreement Establishing the World Trade Organization, signed in Marrakesh, Morocco on 15 April 1994. To date, it counts 160 Contracting Parties, including the European Union.


\(^{8}\) Id.

\(^{9}\) Id.

\(^{10}\) CHRISTOPHER MAY, THE WORLD INTELLECTUAL PROPERTY ORGANIZATION, RESURGENCE AND DEVELOPMENT AGENDA 66 (2007).

\(^{11}\) Gin, supra note 1, at 786.

\(^{12}\) TRIPS Agreement, Article 9 provides that “Members shall comply with Articles 1 through 21 of the Berne Convention (1971) and the Appendix thereto.”
additional clarifications on how the existing norms should be applied in respect of computer programs and databases. Furthermore, significant improvements were made with the recognition of rental rights (for certain categories of works such as computer programs, audiovisual works and for phonograms), and the extension of the minimum term of protection for the rights of performers and producers of phonograms (from 20 years, as provided in the Rome Convention, to 50 years). Most importantly, the TRIPs provided for a system of enforcement of intellectual property rights and extended to them the applicability of the WTO dispute settlement system. The TRIPs Agreement has been recognized as the symbol of the marriage between WTO and WIPO, as it integrates much of WIPO’s substantive law (Berne Convention) into the WTO’s trade regime. From the Western perspective, especially the one adopted by the United States, the integration of intellectual property protection into a trade-based sanction regime was intended to create a symbiotic institutional relationship between the WTO and the WIPO.

1.1.2. The WIPO and the Internet Treaties

Notwithstanding the prominent role of the WTO in the TRIPs global governance of intellectual property rights, a core group of countries moved back to the WIPO to negotiate further intellectual property rights related treaties. The reasons were at least two: first, WIPO itself was promoting a campaign to re-acquire the power of global intellectual property policy making; second, various countries’ governments were in need of a forum

14 Id.
15 Id.
17 Id. at 181.
18 MAY, supra note 10, at 67.
where their interests could be better promoted. Developing countries agreed with developed countries on this point, as they expressed concerns that the TRIPs Agreement raised the price to obtain drugs and education materials, and blocked the transfer of technologies needed for their development. Although the WIPO recognized the value of the TRIPs, it argued that the Agreement had only set a basic global standard, on which WIPO intended to build up further improvements and advancements.

The digital (r)evolution brought an extensive change in the weight that each player had in the copyright arena. In the classic copyright history, authors and users used to occupy distinct spaces; in the digital era, instead, Internet access created symmetry between the two groups. On this line, and aware of the development of digital technologies, the WIPO convened in 1989 a committee of experts as part of the periodic revision process for the Berne Convention. The process culminated in a Diplomatic Conference in 1996 where the two so called “WIPO Internet Treaties” were

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19 Id.
21 MAY, supra note 10, at 67.
23 WIPO Copyright Treaty, Preamble: “The Contracting Parties, . . . [r]ecognizing the need to introduce new international rules and clarify the interpretation of certain existing rules in order to provide adequate solutions to the questions raised by new economic, social, cultural and technological developments, Recognizing the profound impact of the development and convergence of information and communication technologies on the creation and use of literary and artistic works, . . .”.
24 On the periodic revision process, see SILKE VON LEWINSKY, INTERNATIONAL COPYRIGHT LAW AND POLICY, 428-32 (2008). The Berne Convention of 1886 was revised about every twenty years up to 1971. In 1971, the WIPO decided to start a “guided development” rather than a revision conference, in order to discuss and promote new standards of protection for the new kinds of works. During this period, many recommendations were issued by the WIPO together with the UNESCO. The strategy of “guided development” was however insufficient especially for industrialized countries whose right owners suffered from the weaknesses of the existing conventions. For this reason, the new approach of a “protocol” was adopted. After the TRIPs was adopted in 1994, however, the awareness and the importance of a specific regulation of IP rights on the digital world was compelling, and WIPO realized that a protocol would not have sufficed to deal with these issues. For this reason, in February 1996, the Committees of Experts opened a Diplomatic Conference to be held from 2 to 20 December 1996.
adopted: the WIPO Copyright Treaty (WCT) ad the WIPO Performances and Phonograms Treaty (WPPT).

Both the WIPO Internet Treaties negotiations and their final texts were characterized by the element of balance. First of all, word “balance” is substantially present in the text of the WIPO Copyright Treaty, and particularly in its Preamble, which aims to a “balance between the rights of authors and the larger public interest, particularly education, research, and access to information.” At the same time, the balancing element characterized the whole negotiation of the Internet Treaties. At the Diplomatic Conference, in fact, two groups were many times in conflict: the so called “copyright purists,” who supported the extension of the traditional copyright principles (contained in the Berne, Rome and Paris Conventions) to digital technologies; and the “copyright innovators,” believing that the existing principles could protect digital and electronic works only if they were loosely applied or modified. Ultimately, none of the two views prevailed over the other, and both of them somehow influenced the provisions of the Internet treaties. The content of the Treaties testifies such influence: first, it incorporates the basic standards defined by the Berne Convention; second, it adds certain provisions that the TRIPs Agreement did not previously include (at, least, explicitly), in the WIPO treaties (such as the protection of computer programs and original databases); third, it updates certain rights not necessarily linked with digital technologies (for instance, the generalized right of communication to the public); and finally,

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26 Id.
27 WIPO Copyright Treaty, Preamble: “The Contracting Parties, . . . [r]ecognizing the need to maintain a balance between the rights of authors and the larger public interest, particularly education, research and access to information, as reflected in the Berne Convention . . . .”
it contains provisions specifically addressing the impact of digital technologies.\textsuperscript{29}

The WIPO Copyright Treaty does not only constitute a good example of balance, but also it is an example of international integrated lawmaking process.\textsuperscript{30} This can be asserted mainly for four reasons. First of all, from the perspective of the Berne Union, the negotiation of the WCT was the largest diplomatic conference ever held on copyright issues, with representatives from 127 countries attending.\textsuperscript{31} Needless to say, only some countries played a leading role in the negotiations. In particular, the United States, the country that most influenced the development of the Internet, was identified as the “driver” of the Treaty.\textsuperscript{32} Second, the process of consolidating the national proposals was expeditious and fast, due to the pressure of some countries (again, the United States), that wanted to push for the adoption of an international treaty in order to overcome the resistance being encountered domestically to proposals pending in the Congress.\textsuperscript{33} Third, seventy-six NGOs attended the Diplomatic Conference as observers, which is an enormous number if compared with the number of NGOs admitted in the Stockholm revision of the Berne Convention (only twenty-six).\textsuperscript{34} Lastly, the lawmaking process saw an assimilation of national and international actors: not only international NGOs were accredited, but also purely national groups, which were usually closely involved in domestic lawmaking.\textsuperscript{35}

\textsuperscript{30} Dinwoodie, \textit{supra} note 25, at 653.
\textsuperscript{33} Dinwoodie \textit{supra} note 25, at 759.
\textsuperscript{34} Id. at 761.
\textsuperscript{35} Id. at 762.
1.2. The WIPO Copyright Treaty and Its Predecessors

1.2.1. Relation to the Berne Convention

As set forth by Article 1 of the WCT,\textsuperscript{36} the WIPO Copyright Treaty takes the nature of “a special agreement within the meaning of Article 20 of the Berne Convention,”\textsuperscript{37} and it therefore consists of a treaty that grants authors more extensive rights than those granted by the Berne Convention. The status of special agreement may play an impact on the interpretation of the WCT, especially in case of conflict with Article 20 of the Berne Convention.\textsuperscript{38} In case a special agreement aims to contain provisions resulting in less extensive rights or in some other way contrary to the Berne Convention, the members will be obligated not to make such agreement, in order to avoid a breach of Article 20.\textsuperscript{39} The same principle is expressed by Article 1(4), which provides for a safeguard provision in guaranteeing that, in case of conflict between the WCT and the Berne Convention, the Convention would prevail.\textsuperscript{40} However, such a conflict had never occurred for the WIPO Internet Treaties.\textsuperscript{41}

The provision contained in Article 1(4), although short, sets out a wide number of obligations for the Contracting Parties, and it does so by mainly recalling Articles of the Berne Convention (in particular, Articles 1 to 21 and the Appendix of the Berne Convention).\textsuperscript{42} As clarified by the agreed statement on Article 1(4), Articles 1 to 21 of the Berne Convention

\begin{center}
\footnotesize
\textsuperscript{36} WIPO Copyright Treaty, Article 1(1): “This Treaty is a special agreement within the meaning of Article 20 of the Berne Convention for the Protection of Literary and Artistic Works, as regards Contracting Parties that are countries of the Union established by that Convention. This Treaty shall not have any connection with treaties other than the Berne Convention, nor shall it prejudice any rights and obligations under any other treaties.”
\textsuperscript{37} Berne Convention, Article 20 “The Governments of the countries of the Union reserve the right to enter into special agreements among themselves, in so far as such agreements grant to authors more extensive rights than those granted by the Convention, or contain other provisions not contrary to this Convention. The provisions of existing agreements which satisfy these conditions shall remain applicable”.
\textsuperscript{38} REINBOTHE & VON LEWINSKI, supra note 7, at 30.
\textsuperscript{40} Id.
\textsuperscript{41} Id.
\textsuperscript{42} WIPO Copyright Treaty, Article 1(4): “Contracting Parties shall comply with Articles 1 to 21 and the Appendix of the Berne Convention.”
\end{center}
are fully applicable in the digital environment.\textsuperscript{43} The effect of Article 1(4) constitutes, among others, an extension of the Berne Convention to the all WCT Parties, including the ones that were not originally Parties of the Berne Convention.\textsuperscript{44} Moreover, the choice of incorporation by reference of the Articles 1 to 21 of the Convention, preferred over the mere reproduction of their text, allowed the inheritance of the “drafting history” of the Convention.\textsuperscript{45} The WCT should therefore be interpreted in the same way as the Berne Convention was in its original context.\textsuperscript{46} This means that the diplomatic conferences adopting and revising the Berne Convention can be used as “supplementary means of interpretation” pursuant to Article 32 of the Vienna Convention on the Law of Treaties.\textsuperscript{47}

The presence of the Berne Convention in the WCT is dense, unquestionable and so extensive that many authors argued that a new treaty was not needed to deal with the issue of Internet copyright, rather a revision of the Berne Convention was preferable.\textsuperscript{48} However, at least two reasons sustained the adoption of a new treaty rather than a revision of the Convention. First of all, a revision would have required unanimity of votes cast, a procedural issue that could have lead to a failure or, at least, to a very slowed process. Secondly, there was a will to open the forum for negotiations to all WIPO member countries, and not only to the countries

\textsuperscript{43} WIPO Copyright Treaty, Agreed statement concerning Article 1(4): “The reproduction right, as set out in Article 9 of the Berne Convention, and the exceptions permitted thereunder, fully apply in the digital environment, in particular to the use of works in digital form. It is understood that the storage of a protected work in digital form in an electronic medium constitutes a reproduction within the meaning of Article 9 of the Berne Convention.”

\textsuperscript{44} FICSOR, \textit{supra} note 39, at 423.

\textsuperscript{45} \textit{Id.} at 428.

\textsuperscript{46} WIPO Publication No. 891(E), \textit{supra} note 13, at 191 para. 4 CT-1.10.

\textsuperscript{47} Vienna Convention on the Law of Treaties, Article 32: “Recourse may be had to supplementary means of interpretation, including the preparatory work of the treaty and the circumstances of its conclusion, in order to confirm the meaning resulting from the application of Article 31, or to determine the meaning when the interpretation according to Article 31: (a) leaves the meaning ambiguous or obscure; or (b) leads to a result which is manifestly absurd or unreasonable.”

\textsuperscript{48} FICSOR, \textit{supra} note 39, at 427.
party to the Convention.\textsuperscript{49}

\textbf{1.2.2. Relation to the TRIPs Agreement}

According to Professor Dinwoodie, whereas the TRIPs Agreement constituted an era-defining event, the WIPO Copyright Treaty represented a “watershed moment” in international copyright law.\textsuperscript{50} As mentioned above,\textsuperscript{51} the TRIPs recalled the standards already set by the Berne Convention by incorporation of Articles 1-21,\textsuperscript{52} and it also contained provisions unknown to the system set up by the Berne, Paris and Rome Conventions. In particular, the TRIPs established a rental right through Articles 11 and 14(4), and integrated the provisions on exceptions and limitations of the Conventions adding a three-step test.\textsuperscript{53} Undoubtedly, the provisions of the TRIPs Agreement constituted a basis for the respective provisions in the WCT.\textsuperscript{54} The TRIPs Agreement influence in the WCT is particularly evident in Articles 2 (scope), 4 (computer programs), 5 (databases), and 13 (exceptions and limitations), analyzed below. Although the TRIPs influence is noticeable, the WIPO Internet Treaties certainly expanded the international legal environment for copyright beyond the TRIPs minima.\textsuperscript{55} As it is further discussed in this Chapter, an effective national implementation of the Internet Treaties would improve efforts to raise minimum standards of copyright protection around the world, \textit{vis-à-vis} network-based delivery of copyrighted materials.\textsuperscript{56}

\textsuperscript{49} Id. at 428.
\textsuperscript{50} Dinwoodie, \textit{supra} note 25, at 752.
\textsuperscript{51} \textit{Supra} para. 1.2.1.1.
\textsuperscript{52} TRIPs Agreement Article 9(1).
\textsuperscript{53} The three-step test was already \textit{de facto} applied in the Berne system. The TRIPs codified the test in Article 13: “Members shall confine limitations or exceptions to exclusive rights to [1] certain special cases which [2] do not conflict with a normal exploitation of the work and [3] do not unreasonably prejudice the legitimate interests of the right holder.”
\textsuperscript{54} \textsc{Reinbothe & Von Lewinski, supra} note 7, at 3.
\textsuperscript{55} \textsc{John Jr. T. Masterson, International Trademarks and Copyrights: Enforcement and Management} 64 (2004).
\textsuperscript{56} Id.
1.3. Subjects and Objects of the WCT

1.3.1. Contracting Parties, Assembly

The incorporation of Article 1 of the Berne Convention providing for the “creation of an Union” was regarded as a questionable choice, as it was clear, during the negotiations of the WCT, that the Contracting Parties did not intend to form a Union and even less likely they intended to reiterate the creation of the Berne Union. The word “Union” throughout the WCT has therefore to be interpreted as referring to the “Contracting Parties.” To date, the WCT counts 93 Contracting Parties, with the recent Canada’s ratification of May 2014 and Madagascar’s accession of February 2015. To achieve the maintenance and development of the Treaty, Article 14 of the WCT sets out that Contracting Parties shall have an Assembly, into which each State is to be represented by one delegate. The Assembly should consider all matters relating to the revision of the Treaty.

1.3.2. Scope and Coverage

1.3.2.1. Scope of Copyright Protection

Article 2 of the WCT provides that copyright protection is granted only to “expressions,” and not to ideas, procedures or methods of operation or mathematical concepts as such. Although a similar provision was not expressly stated in the Berne Convention, the principle expressed in it was

57 Berne Convention, Article 1: “The countries to which this Convention applies constitute a Union for the protection of the rights of authors in their literary and artistic works.”
58 FICSOR, supra note 39, at 432.
59 This is true especially because, as mentioned supra para. 1.1.2, the negotiations of the WCT were open not only to the Berne Union members, but also to all the other States which were WIPO members. WIPO Publication No. 891(E), supra note 13, at 190 para. 4 CT-1.13.
60 Id. at 190 para. 4 CT-1.14.
61 The number of adhering States is 120, as the European Union ratified the WCT for its Members.
63 REINOTHE & VON LEINSKI, supra note 7, at 182.
64 Id. at 183.
65 WIPO Copyright Treaty, Article 2.
already *de facto* applied under the Berne system.\(^{66}\) The redundancy of Article 2 is even more manifest as it copies, word by word, Article 9(2) of the TRIPs Agreement.\(^{67}\) The presence of this and of many other repetitions throughout the WCT was mainly due to the delegation desire to interpret the WCT in the same manner as the TRIPs Agreement.\(^{68}\) The principle expressed in this provision determines the borderline between copyright protection and the public domain: on the one hand, authors have control to their creative expressions of ideas, on the other, the interest of the public to access ideas or information is safeguarded.\(^{69}\)

### 1.3.2.2. Literary and Artistic Works Covered

Article 2 of the Berne Convention defined the expression of “literary and artistic works” as including every production in the literary, scientific and artistic domain, whatever may be the mode or form of its expression,\(^{70}\) and prescribed the countries of the Union to protect those works for the benefit of the author.\(^{71}\) Article 2*bis* of the Convention, instead, left the countries of the Union free to determine the exclusion from the protection of political speeches and speeches delivered in the course of legal proceedings.

The incorporation of these Articles in the WCT simply restates that they have to be applied the same way as they were applied in the context of the Berne Convention.\(^{72}\) The point is stressed again, in a redundant way, by Article 3 of the WCT, which provides for a *mutatis mutandis* application of Berne Article 2 and 2*bis*.\(^{73}\)

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\(^{66}\) FICSOR, *supra* note 39, at 458.

\(^{67}\) TRIPs Agreement, Article 9(2): “Copyright protection shall extend to expressions and not to ideas, procedures, methods of operation or mathematical concepts as such.”

\(^{68}\) FICSOR, *supra* note 39, at 458.

\(^{69}\) REINBOTHE & VON LEWINSKI, *supra* note 7, at 46.

\(^{70}\) Berne Convention Article 2(1)

\(^{71}\) Berne Convention Article 1(6).

\(^{72}\) WIPO Publication No. 891(E), *supra* note 13, at 191 para. 4 CT-1.15.

\(^{73}\) *Id.* at 191 para. 4 CT-1.16.
1.3.2.3. Computer Programs

Article 4 of the WCT\textsuperscript{74} extends the protection granted to literary works to computer programs, no matter the mode or form of their expression. The definition of “computer program” is not given in the text of the Treaty, but can be supplied by WIPO Model Provisions on the Protection of Computer Software, as well as by national\textsuperscript{75} and regional legislation.\textsuperscript{76} The WIPO Model Provisions adopted in 1977 provide that “computer program” means a set of instructions capable, when incorporated in a machine-readable medium, of causing a machine having information-processing, capabilities to indicate, perform or achieve a particular function, task or result.\textsuperscript{77} Although national legislators did not necessarily follow the Model Provisions, they certainly had an impact in inspiring national provisions.\textsuperscript{78} The aforementioned definition was considered suitable by the International Bureau of WIPO in preparation of the WCT and during the Diplomatic Conference no delegation questioned it.\textsuperscript{79} Thus it seems appropriate, in light of Article 32 of the Vienna Convention,\textsuperscript{80} to retain the definition as adequate in the interpretation of the WCT. The Agreed Statement concerning Article 4\textsuperscript{81} of WCT clarifies that the scope of protection is consistent with the relevant provisions of the Berne

\begin{footnotesize}
\textsuperscript{74} WIPO Copyright Treaty, Article 4: “Computer programs are protected as literary works within the meaning of Article 2 of the Berne Convention. Such protection applies to computer programs, whatever may be the mode or form of their expression.”

\textsuperscript{75} A national example is the US Copyright Act, which defines a computer program as “a set of statements or instructions to be used directly or indirectly in a computer in order to bring about a certain result.” 17 U.S. Code § 101.

\textsuperscript{76} A regional example is offered by the EU Computer Programs Directive 91/250/EEC of 14 May 1991, which does not give an express definition but provides that “for the purpose of this Directive, the term “computer program” shall include programs in any form, including those which are incorporated into hardware; whereas this term also includes preparatory design work leading to the development of a computer program provided that the nature of the preparatory work is such that a computer program can result from it at a later stage.”

\textsuperscript{77} WIPO Model Provisions on the Protection of Computer Software, Section 1(i).

\textsuperscript{78} FICSOR, \textit{supra} note 39, at 469.

\textsuperscript{79} \textit{Id.} at 468.

\textsuperscript{80} Vienna Convention on the Law of Treaties, Article 32.

\textsuperscript{81} Agreed statements concerning Article 4: “The scope of protection for computer programs under Article 4 of this Treaty, read with Article 2, is consistent with Article 2 of the Berne Convention and on a par with the relevant provisions of the TRIPs Agreement.”
\end{footnotesize}
Convention and the TRIPS Agreement. As for its consistency with the Berne Convention, Article 4 of the WCT clearly recalls Article 2(1) of the Berne Convention and uses the same exact wording (computer programs are protected, just like literary and artistic works, “whatever may be the mode or form of their expression”). The TRIPS Agreement adopted instead a different wording, referring to the protection of computer programs “whether in source code or object code.” Source codes are typically expressed in words, numbers and symbols, so they easily fall within the “literary works” definition. Conversely, object codes do not really express anything, and the possibility to categorize them under “literary works” depends on whether there is a correspondence between source and object code. Such a correspondence exists when literary character of the source code is carried over the object code in a process of converting source code into object code. The wording of WCT Article 4 seems more appropriate and has to be interpreted as a clarification of the TRIPS provision, given the possibility for the TRIPS distinction between source code and object code to become obsolete in the future. Although the “international” definition of computer program is very similar to the ones adopted by national legislators, the same cannot be said for their regulation. In fact, the mere extension of copyright protection already granted to literary works to computer programs was not seen, by many countries, sufficient to protect those kinds of works. Thus, the hybrid character of computer programs did not just comport the adjustment of the copyright system, but also frequently changes taking place in the regulation of patent laws.

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82 TRIPS Agreement Article 10(1): “Computer programs, whether in source or object code, shall be protected as literary works under the Berne Convention (1971)”.  
83 Brad Sherman & Leanne Wiseman, Copyright and the Challenge of the New 259 (2012).  
84 Id.  
85 Id.  
86 FICSOR, supra note 39, at 477.  
88 Id. at 75.
1.3.2.4. Databases

Similarly to the protection of software pursuant to Article 4, Article 5 of the WCT\(^89\) recalls the protection of Compilation of Data (databases) already provided under the TRIPs.\(^90\) In particular, Article 10(2) of the TRIPs Agreement\(^91\) has a very broad scope as it applies to “compilation of data or other material,” and to both “electronic” and “traditional” collections and compilations.\(^92\) The protection extends to compilations that are “intellectual creations,” namely that, pursuant to the selection or arrangement of their contents, are original.\(^93\) However, the protection of compilations does not affect or prejudice any copyright subsisting in any element of their contents, and does not extend to the data or material contained therein.\(^94\) In substance, Article 5 of the WCT contains all the elements already provided by Article 10(2) of the TRIPs Agreement, and makes it clear in the agreed statement that its application is consistent with both the Berne Convention and the TRIPs Agreement.\(^95\) Although both Article 10(2) of the TRIPs Agreement and Article 5 of the WCT did not bind the Contracting Parties to grant a \textit{sui generis} protection for database makers, the European Union provided so with the Database Directive.\(^96\)

\(^{89}\) WIPO Copyright Treaty, Article 5: “Compilations of data or other material, in any form, which by reason of the selection or arrangement of their contents constitute intellectual creations, are protected as such. This protection does not extend to the data or the material itself and is without prejudice to any copyright subsisting in the data or material contained in the compilation.”

\(^{90}\) FICSOR, supra note 39, at 479-80.

\(^{91}\) TRIPs Agreement, Article 10(2): “Compilations of data or other material, whether in machine readable or other form, which by reason of the selection or arrangement of their contents constitute intellectual creations shall be protected as such. Such protection, which shall not extend to the data or material itself, shall be without prejudice to any copyright subsisting in the data or material itself.”

\(^{92}\) REINBOTHE & VON LEWINSKI, supra note 7, at 73.

\(^{93}\) FICSOR, supra note 39, at 482.

\(^{94}\) Id.

\(^{95}\) WIPO Copyright Treaty, Agreed statements concerning Article 5: The scope of protection for compilations of data (databases) under Article 5 of this Treaty, read with Article 2, is consistent with Article 2 of the Berne Convention and on a par with the relevant provisions of the TRIPs Agreement.

1.3.3. Authors

1.3.3.1. Authors, Nationality and Coverage

The WCT applies to “authors” intended in the meaning given by Article 2(6) of the Berne Convention, and therefore the protection operates for the benefit of the author and his (or her) successors in title.\(^\text{97}\) Although neither the Berne Convention nor the WCT contain a definition of author, it can be defined, generally, as the person who has added the original or individual elements that qualify the creation as a work.\(^\text{98}\) Neither the Berne Convention nor the WCT tell us whether the person may be a juridical entity.\(^\text{99}\) Although most countries have confined the authorship attribution to human creators, there are important exceptions among common law countries, especially regarding juridical entities at whose behest and expense a work is created.\(^\text{100}\)

The WCT refers to the “points of attachment,” or conditions of protection, which are determined by Articles 3 and 4 of the Berne Convention. In particular, those Articles specify the nationality of the authors protected under the Convention and the coverage of protection for their works, whether published or not.\(^\text{101}\) As for the nationality of the authors, the wording of Article 3 has to be read as to privileging the idea of habitual residence rather than domicile, as the former only poses a question of fact for the courts.\(^\text{102}\) Article 3(1)(a) of the Berne Convention ensures that authors who are Union nationals are protected regardless of the country of

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\(^{97}\) Jørgen Blomqvist, Primer on International Copyright and Related Rights 97 (2014).
\(^{98}\) Id.
\(^{99}\) Ricketson & Ginsburg, supra note 31, at 359.
\(^{100}\) Id.
\(^{101}\) Berne Convention Article 3 establishes that the protection shall apply to (1)(a) authors who are nationals of one of the countries of the Union, for their works, whether published or not; and (1)(b) authors who are not nationals of one of the countries of the Union, for their works first published in one of those countries, or simultaneously in a country outside the Union and in a country of the Union. Article 3(2) then extends the protection to authors who are not nationals but have “habitual residence” in one of the countries of the Union.
first publication.\textsuperscript{103} The incorporation of Article 3(3) of the Berne Convention into the WCT gives an expanded definition of “published works,” only requiring that the availability of such copies has been such as to satisfy the “reasonable requirements of the public, having regard to the nature of the work.”\textsuperscript{104}

In the digital environment, some issues of interpretation arise of what can and cannot qualify as “publication.”\textsuperscript{105} Since many works are today published exclusively online, denying them the status of “published” works would go against the purpose of the WCT.\textsuperscript{106} Therefore, it is desirable a more progressive interpretation of Article 3(3) that allows digital transmissions to be included in the universe of “publications.”\textsuperscript{107} However, a counter problem would arise if “publication” is interpreted as to include the mere action of “making works available online” (and therefore all over the world), because it would lead to an unmanageable result.\textsuperscript{108}

\textbf{1.3.3.2. Nationals of Countries Outside of the Union (Berne Convention Articles 6)}

As discussed below,\textsuperscript{109} Article 6 and its “back-door” protection provision are incorporated in the WCT. The same applies to Article 6bis of the Berne Convention, granting the author the right to claim authorship of his work and to object to any distortion, mutilation, or modification, which would be prejudicial to his honor or reputation.

\textbf{1.3.3.3. Duration and Joint Authorship (Berne Convention Articles 7 and 7bis)}

Berne Articles 7 and 7bis on the term of copyright protection and the

\textsuperscript{103} \textit{Id.} at 163.
\textsuperscript{104} \textit{RICKETSON \& GINSBURG, supra} note 31, at 255.
\textsuperscript{105} \textit{GOLDSTEIN \& HUGENHOLTZ, supra} note 102, at 164.
\textsuperscript{106} \textit{Id.}
\textsuperscript{107} \textit{RICKETSON \& GINSBURG, supra} note 31, at 277.
\textsuperscript{108} \textit{GOLDSTEIN \& HUGENHOLTZ, supra} note 102, at 164.
\textsuperscript{109} \textit{See infra} para. 1.4.1.
general rule of 50-year duration post mortem auctoris are applied to the WCT, with one exception provided in Article 9 WCT, which fixes the minimum term of protection of photographic works at 25 years.

1.4. Principles: National Treatment, Formalities Forbidden, Independence of Protection, and Minimum Protection

1.4.1. National Treatment, Formalities Forbidden and Independence of Protection

Article 5 of the Convention, as incorporated into the WCT, embodied the basic principles of national treatment, formality-free protection, and independence of protection.

The national treatment clause provided in Article 5(1) of the Berne Convention is incorporated into the WCT Articles 1(4) and 3. The exceptions to the obligation to grant national treatment allowed under the Berne Convention are also incorporated into the WCT. These exceptions concern areas where there are frequently differences in the level of protection under national law, and where such differences have a significant economic importance. Four provisions are relevant in the case.

First of all, Article 2(7) establishes an exception on the protection of works of applied arts/industrial designs. The reason why such an exception may be granted originates from the double nature of works of applied arts: on the one hand, they may be regarded artistic work; on the

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110 Berne Convention Article 5(1): “Authors shall enjoy, in respect of works for which they are protected under this Convention, in countries of the Union other than the country of origin, the rights which their respective laws do now or may hereafter grant to their nationals, as well as the rights specially granted by this Convention.”

111 Blomqvist, supra note 97, at 65.

112 Berne Convention, Article 2(7): “Subject to the provisions of Article 7(4) of this Convention, it shall be a matter for legislation in the countries of the Union to determine the extent of the application of their laws to works of applied art and industrial designs and models, as well as the conditions under which such works, designs and models shall be protected. Works protected in the country of origin solely as designs and models shall be entitled in another country of the Union only to such special protection as is granted in that country to designs and models; however, if no such special protection is granted in that country, such works shall be protected as artistic works.”
other, their exploitation and use do not happen in the cultural markets but rather in the market of general-purpose products. Countries are free to determine two main aspects of this “borderline productions:” first, they can choose whether to protect works of applied arts under copyright protection or under specific industrial design protection; second, in case copyright protection is granted, they are free to fix the conditions of it, with possible disregard of minimum level of protection prescribed in the Convention.

Second, Article 6(1) allows the possible retaliation by the country of first publication against non-Union countries that do not grant protection to the nationals of the member of the Union. This “back-door” provision would permit countries of the Union to deny national treatment and decrease the level of protection the same way as the country of first publication. However, the wide membership of the Berne Convention (168 countries) made over time this exception almost unsuitable.

A third exception to national treatment obligation is contained in Article 7(8). The principle underlined in this Article is the “comparison of terms,” which stresses out that a country is not obligated to provide for a longer term of protection than in the country of origin of the work.

Finally, Article 14ter establishes an exception on the droit de suite (or resale right). The droit de suite gives the author (or his heirs or institutions authorized by national legislation) the inalienable right to an interest in any sale of the work subsequent by the first transfer. It is up to

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113 WIPO Publication No. 891(E), supra note 13, at 33 para. 7 BC-2.67.
114 Id. at 33 para. 7 BC-2.68.
115 Berne Convention Article 7(8): “(8) In any case, the term [of protection] shall be governed by the legislation of the country where protection is claimed; however, unless the legislation of that country otherwise provides, the term shall not exceed the term fixed in the country of origin of the work.”
116 WIPO Publication No. 891(E), supra note 13, at 52 para. 8 BC-7.30.
117 Berne Convention Article 14ter: “(1) The author, or after his death the persons or institutions authorized by national legislation, shall, with respect to original works of art and original manuscripts of writers and composers, enjoy the inalienable right to an interest in any sale of the work subsequent to the first transfer by the author of the work. (2) The protection provided by the preceding paragraph may be claimed in a country of the Union only if legislation in the country to which the author belongs so permits, and to the extent permitted by the country where this protection is claimed. (3) The procedure for collection and the amounts shall be matters for determination by national legislation.”
each Contracting Party to establish whether to grant this right or not, and the grant is subject to reciprocity.\(^{118}\)

Article 5(2) of the Convention provides for two interrelated principles: the principle of formality-free protection (or “automatic protection”) and the principle of independence of protection. The former establishes that the enjoyment and the exercise of the rights granted under the national treatment clause and the minimum protection clause are automatically protected, as the copyright protection arises with the creation of the work itself.\(^{119}\) These rights cannot be subject to formalities, namely conditions or measures which fulfillment is required in order for a work to be protected.\(^{120}\) In other words, the Convention prohibits formalities such as registration or deposit of the original or a copy only to the extent they constitute conditions of the enjoyment and/or exercise of rights.\(^{121}\) Another formality that would go against the formality-free principle is the caution judicatum solvi (requiring, for instance, that authors should provide some special security before instituting a proceeding to protect their rights).\(^{122}\) The principle of independence of protection establishes instead that the enjoyment and the exercise of the rights granted under the national treatment clause and the minimum protection clause are established regardless the protection in the country of origin of the work.\(^{123}\) For instance, the enjoyment and exercise of rights may be impacted when the 50-year minimum term of protection has expired in the country of origin, but this does not prohibit the author to enjoy and exercise his rights if the country in which protection is claimed provides for a longer term of protection.\(^{124}\)

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118 WIPO Publication No. 891(E), supra note 13, at 91 para. 8 BC-14ter.
119 Id. at 41 para. 2 BC-5.4.
120 RICKETSON & GINSBURG, supra note 31, at 325.
121 WIPO Publication No. 891(E), supra note 13, at 41 para. 2 BC-5.7.
122 RICKETSON & GINSBURG, supra note 31, at 326.
123 WIPO Publication No. 891(E), supra note 13, at 42 para. 2 BC-5.9.
124 Id.
1.4.2. Right to Claim Greater National Protection

Article 19 of the Berne Convention, incorporated into the WCT, confirms that the provisions contained in both the treaties intended to build up a minimum level of protection. Under the principle of minimum protection, States are allowed to grant a higher level of protection through their national legislation.125

1.5. Rights

Intellectual property is neither more nor less than the sum of rights granted by law, and thus the definition of rights granted to the author represents a key issue.126 Under both international treaties and national legislation, the owner of copyright and the owner of related rights (for instance, a licensee) are usually granted the rights of reproduction and certain acts of communication to the public, such as broadcasting and public performance.127 Many rights contained in the WCT were already drawn by the system of the Berne, Paris and Rome Convention, and are frequently recalled and referenced by the WCT, with some adaptations, when necessary, to make them applicable in the new digital environment. However, the WIPO Copyright Treaty also establishes three “new” crucial rights: distribution, rental and communication to the public.

1.5.1. Right of Reproduction

Article 9 of the Berne Convention, dedicated to the right of reproduction, is incorporated into the WCT.128 The negotiations of the WCT

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125 Berne Convention, Article 19: “The provisions of this Convention shall not preclude the making of a claim to the benefit of any greater protection which may be granted by legislation in a country of the Union.”
126 WIPO Publication No. 856, supra note 29, at 27 para. 49.
127 Id.
128 Berne Convention Article 9: “(1) Authors of literary and artistic works protected by this Convention shall have the exclusive right of authorizing the reproduction of these works, in any manner or form. (2) It shall be a matter for legislation in the countries of the Union to permit the reproduction of such works in certain special cases, provided that such reproduction does not conflict with a normal exploitation of the work and does not unreasonably prejudice the legitimate interests of the author. (3) Any sound or visual
faced a discussion already present in the negotiation of the Berne Convention, namely the definition of “reproduction.” The proposal put forward by the Austrian Government at the time of the Berne Convention negotiations, stating that reproduction had to be defined as “the material fixation of the work by all methods that permit indirect communication to the public,” was rejected by other delegations, which feared the inclusion of a kind of exhaustive list might have lead to the weakening of copyright protection. Other delegations opposed the Austrian proposal, as they believed that the meaning of “reproduction” was self-evident and unlikely to create confusion.

Where the incorporation of others Articles of the Berne Convention into the WCT did not give rise to many problems of applicability, the incorporation of Article 9 required the Contracting Parties to take specific measures in order to extend the scope of the right of reproduction. Although paragraph (1) of Article 9 of the Berne Convention draws out a wide coverage for the right of reproduction (namely, reproduction “in any manner or form”), paragraph (3) of the same Article clarifies that reproduction had to be intended, under the Convention, as “[a]ny sound or visual recording.” This wording could have not been interpreted, under the canons of the Vienna Convention on the Law of Treaties, as including recordings in an electronic memory in digital form.

In order to solve this issue, the Diplomatic Conference opted for an agreed statement on Article 1(4) of the Treaty. While the first sentence of

recording shall be considered as a reproduction for the purposes of this Convention.”

129 FICSOR, supra note 39, at 92.
130 Id. at 93.
131 Id.
132 RICKETSON & GINSBURG, supra note 31, at 682.
133 FICSOR, supra note 39, at 422-23.
134 Id. at 423.
135 WCT Treaty, Agreed statements concerning Article 1(4): “The reproduction right, as set out in Article 9 of the Berne Convention, and the exceptions permitted thereunder, fully apply in the digital environment, in particular to the use of works in digital form. It is understood that the storage of a protected work in digital form in an electronic medium constitutes a reproduction within the meaning of Article 9 of the Berne Convention.”
the statement appears to be unnecessary and obvious, the second sentence of it clarified that it constitutes reproduction, within the meaning of Article 9 of the Berne Convention, the storage of works in an electronic memory. This kind of reproduction still meets all the criteria of a copy even though, once stored in the electronic memory, cannot be “directly perceived.” In other words, the fact that the copy is intangible is irrelevant, as far as the copy is a new fixation of the work through which the work may be perceived and experienced, even if by means of special equipment, communicated to the public or reproduced.

In light of the digital, networked environment, the application of Article 9 of the Berne Convention in the WCT can be recapped in three points. First, “reproduction” is intended as a new fixation of the work that is sufficiently stable to allow the work being perceived, reproduced and communicated. Second, for this kind of reproduction some elements are irrelevant: i) the methods and form of the reproduction; ii) the tangibility and perceivability; iii) the direct or indirect method of reproduction; and iv) the duration of the fixation, whether permanent or temporary. Therefore, temporary copies created automatically in a computer’s random access memory (RAM) seem not to be excluded by the Treaty. Conversely, some national legislation and courts, such as the U.S. courts, excluded that temporary copies (“buffer copies”) can amount to reproduction.

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136 The right of reproduction under Article 9 of the Berne Convention referred to “works in any manner or form,” and therefore already included “works in digital form.” WIPO Publication No. 891(E), supra note 13, at 194 para. 4 CT-1.41.
137 Id. at 194-95 para. 4 CT-1.42.
138 FICSOR, supra note 39, at 445-46.
139 Id. at 450.
140 Id.
141 Id.
143 Cartoon Network LP, LLLP v. CSC Holdings, Inc., 536 F.3d 121, 124-125 (2d Cir. N.Y. 2008).
1.5.2. Right of Distribution

Article 6 of the WCT provides for the right of distribution,\footnote{WIPO Copyright Treaty, Article 6: “(1) Authors of literary and artistic works shall enjoy the exclusive right of authorizing the making available to the public of the original and copies of their works through sale or other transfer of ownership. (2) Nothing in this Treaty shall affect the freedom of Contracting Parties to determine the conditions, if any, under which the exhaustion of the right in paragraph (1) applies after the first sale or other transfer of ownership of the original or a copy of the work with the authorization of the author.”} which was one of the most discussed key issues in the WIPO digital agenda. The right of distribution consists of the author’s exclusive right to authorize the “making available to the public” the original or copies of their works, through sale of such works or other transfer of ownership (for example, through license). The debate was on the exhaustion of this right with the first sale of copies, and the territorial effect of such exhaustion.\footnote{WIPO Publication No. 891(E), supra note 13, at 202 para. CT-6.3 (2003).} The initial WIPO proposal provided two alternatives, national (or regional) exhaustion, which was supported by the United States, or global (or international) exhaustion, favored by Canada, Australia and China.\footnote{Mort, supra note 16, at 199.} The attempts made in order to recognize a national and regional effect of exhaustion, accompanied by the recognition of a right of importation, failed all.\footnote{FICSOR, supra note 39, at 486.} As the delegations did not agree on the point, Article 6(2) left the Contracting Parties the power to define exhaustion within their respective borders.\footnote{Mort, supra note 16, at 199.}

1.5.3. Right of Rental

Article 7 of the WCT provides for the right of rental\footnote{WIPO Copyright Treaty, Article 7: “(1) Authors of: (i) computer programs; (ii) cinematographic works; and (iii) works embodied in phonograms, as determined in the national law of the Contracting Parties, shall enjoy the exclusive right of authorizing commercial rental to the public of the originals or copies of their works. (2) Paragraph (1) shall not apply (i) in the case of computer programs, where the program itself is not the essential object of the rental; and (ii) in the case of cinematographic works, unless such commercial rental has led to widespread copying of such works materially impairing the exclusive right of reproduction. (3) Notwithstanding the provisions of paragraph (1), a Contracting Party that, on April 15, 1994, had and continues to have in force a system of equitable remuneration of authors for rental of copies of their works embodied in phonograms may maintain that system provided that the commercial rental of works...”} that has been
inherited from a number of Articles of the TRIPs Agreement.\footnote{FICSOR, supra note 39, at 487.} In particular, it is an exclusive post-first-sale right of rental.\footnote{Sheinblatt, supra note 141, at 539.} The works covered by the right of rental are, as a minimum: (i) computer programs;\footnote{As already provided in Article 7 of the TRIPs Agreement.} (ii) cinematographic works;\footnote{As already provided in Article 7 of the TRIPs Agreement.} and (iii) works embodied in phonograms, as determined in the national law.\footnote{As already provided in Article 14.4 of the TRIPs Agreement.}

As regards to computer programs, the obligation to grant a right of rental does not apply when the computer program is not an “essential object” of the rental.\footnote{RICKETSON \& GINSBURG, supra note 31, at 694.} For example, the contract on rental of a car, sewing machine or vacuum cleaner, which also have included a computer program therein, it is sufficient to grant also the rental of the computer program.\footnote{REINBOTHE \& VON LEWINSKI, supra note 7, at 97.} It would be obsolete to require a separate rental agreement and authorization for the use of such computer program, as it constitutes a non-essential object of the rental and it is not the “heart” of the rental act itself.\footnote{Id.} However, such exclusion does not apply to the computer rental into which computers programs have been installed, as in this case the program is essential to the operation of the computer.\footnote{WIPO Publication No. 891(E), supra note 13, at 204 para. CT-7.4.}

As regards to cinematographic works, the right of rental is much more limited, since it is granted only if the commercial rental has led to a copying of such work that is so extensive to materially impair the exclusive right of reproduction.\footnote{RICKETSON \& GINSBURG, supra note 31, at 694.} Various authors criticized this provision, as it does not give enough weight to the phenomenon of private copying that can severely impair the rights of the author.\footnote{Id. at 204 para. CT-7.5.} Moreover, even when widespread copying does not occur, the absence of a right of rental may weaken other
rights, such as the ones of reproduction and distribution.\textsuperscript{160}

Lastly, Article 7 provides for limitation of the right of rental concerning phonograms. Although the “rental of a phonogram” is not defined in the Article, a general accepted definition is the one contained in Article 2(f) of the draft WPPT, which describes it as “any transfer of the possession of a copy of a phonogram for consideration for a limited period of time.”\textsuperscript{161} As provided for cinematographic works, the right of rental concerning phonograms is granted only when an impairment test is satisfied.\textsuperscript{162} It has been argued that in today’s digital environment, a DVD player or a computer can easily make copies of rented DVDs.\textsuperscript{163} In this case of private copying, the impairing action should not require the action of copying, but, more generally, any impairment of the right of reproduction.\textsuperscript{164}

\textbf{1.5.4. Right of Communication to the Public (Article 8 of the WCT)}

\textbf{1.5.4.1. Article 8 of the WCT: the “Umbrella Solution”}

Article 8 of the WCT\textsuperscript{165} was one of the most debated provisions during the negotiations of the Treaty, especially apropos the definition of “right of communication to the public” through online communication. Different proposals came from the USA, Australia, Japan, Argentina and the European Community.\textsuperscript{166} The most accepted proposal was the one presented by the European Community and its Member States, which extended the communication right of the Berne Convention in the traditional field to all

\begin{footnotesize}
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\item \textsuperscript{160} \textit{Id.}
\item \textsuperscript{161} WIPO Publication No. 891(E), supra note 13, at 205 para. CT-7.7.
\item \textsuperscript{162} FICSOR, supra note 39, at 490.
\item \textsuperscript{163} REINBOTE & VON LEWINSKI, supra note 7, at 98.
\item \textsuperscript{164} FICSOR, supra note 39, at 490.
\item \textsuperscript{165} WIPO Copyright Treaty, Article 8: “Without prejudice to the provisions of Articles 11(1)(ii), 11bis(1)(i) and (ii), 11ter(1)(ii), 14(1)(i) and 14bis(1) of the Berne Convention, authors of literary and artistic works shall enjoy the exclusive right of authorizing any communication to the public of their works, by wire or wireless means, including the making available to the public of their works in such a way that members of the public may access these works from a place and at a time individually chosen by them.”
\item \textsuperscript{166} REINBOTE & VON LEWINSKI, supra note 7, at 100-02.
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kinds of works.\textsuperscript{167} In particular, the right so provided covered the “making available” of works to the public for “subsequent transmission” and did not require the actual transmission to take place.\textsuperscript{168} In discussing this proposal, the USA expressed its understanding, not opposed by other delegations, that the right of making available could be implemented into national law by any exclusive right, and not only by the right of communication to the public.\textsuperscript{169} Other countries, such as the African Group and Singapore proposed an amendment providing for a safe harbor provision for Internet Service Providers.\textsuperscript{170} According to this amendment, providing facilities or means for enabling or making such communication would not have constituted an infringement.\textsuperscript{171} This concern was taken into account into the agreed statement on Article 8.

Article 8 is known as the “umbrella solution” and was proposed by the Assistant Director General of WIPO Ficsor Mihály, who claimed that such a provision should have granted an effective and efficient protection in the digital environment, and facilitated the interoperability between different national systems.\textsuperscript{172} The main issue of Article 8 regarded which existing rights should be applied to cover interactive transmissions.\textsuperscript{173} In particular, one group of countries believed that the solution was found to be in the application of the right of distribution; the opposing group instead preferred a more general right of communication to the public.\textsuperscript{174} The final text of Article 8 represented a compromise between the two views, which was based on four key points: (i) neutrality in the description of the interactive transmission; (ii) avoidance of technological specifications in such description, but, at the same time, expression of the interactive nature

\textsuperscript{167} Id. 101.
\textsuperscript{168} Id.
\textsuperscript{169} Id. at 102-03.
\textsuperscript{170} Id. at 103.
\textsuperscript{171} Id. at 103-04.
\textsuperscript{172} MIHÁLY FICSOR, INTERNATIONAL HARMONIZATION OF COPYRIGHT AND NEIGHBORING RIGHTS, MEXICO SYMPOSIUM BOOK, 374-7 (1995).
\textsuperscript{173} WIPO Publication No. 891(E), supra note 13, at 208 para. CT-8.4.
\textsuperscript{174} Id. at 208 para. CT-8.5.
of digital transmission; (iii) in respect of the legal characterization of the
exclusive right provided in Article 8, sufficient freedom to national
legislation in deciding which right or rights to apply to cover interactive
transmission; and (iv) elimination of the gaps in the Berne Convention in
the coverage of the right of communication to the public and the right of
distribution.\textsuperscript{175}

1.5.4.2. Right of Communication to the Public

The first part of Article 8 complemented the fragmentary provisions
on the right of communication to the public as provided under the Berne
Convention.\textsuperscript{176} It does so by providing an exclusive right of communication
to the public for authors of all kinds of works, as far as not yet covered by
the Berne Convention.\textsuperscript{177} The works protected are “literary and artistic
works,” including the works already protected under the Berne Convention
and the ones specifically protected in the WCT (computer programs, Article
4, and databases, Article 5).\textsuperscript{178} Authors have the exclusive right to make
their works available to the public “in such a way that members of the
public may access these works from a place and at a time individually
chosen by them.” From this wording, it is inferred that merely providing
technologies or a physical place to access digital content would not conflict
with the right of communication to the public.\textsuperscript{179} Although not expressly
stated by the wording of Article 8, strong consensus emerged during the
negotiations against strict liability for Internet Service Providers (ISPs) for
copyright infringement.\textsuperscript{180}

Questions arose with regards to broadcasting, and mainly on whether

\textsuperscript{175} Id. at 208 para. CT-8.9.
\textsuperscript{176} REINBOTEHE & VON LEWINISKI, supra note 7, at 104.
\textsuperscript{177} Id. at 105.
\textsuperscript{178} Id. at 107.
\textsuperscript{179} Okediji, supra note 22, at 2395.
\textsuperscript{180} Id. This was and remained a controversial issue under the WIPO Copyright Treaty.
Sheinblatt, supra note 141, at 542.
broadcasting had to be intended as a form of communication. 181 Although not specifically mentioned, broadcasting impliedly falls under Article 8, as it is a specific form of communication to the public and not a mere emission. 182

1.5.4.3. Right of Making Available to the Public

The second part of Article 8 then provides that the Contracting Parties have to recognize the “making available to the public” as an exclusive right, which extends to the action of making available both by wire and wireless means (or by combination of the two). 183 At the same time, it left the Contracting Parties free to determine and define the right of distribution, the right of communication to the public, the combination of these rights, and even create a new right. 184 In other words, in line with the US proposal mentioned above, Contracting Parties are free to implement the right of “making available” under a different name and/or category, and not necessarily under the right of communication to the public, as far as they ensure that the nature of such right is exclusive. This was, inter alia, a practice already permitted under the Berne convention, where the implementation under national laws differed in the legal characterization of a right. 185 For instance, in some countries the right of public performance covers also the right of broadcasting and the right of communication to the public, which, under the Berne Convention, are instead separate rights. 186 Conversely, in other countries, the right of communication to the public is a most general right that covers all the three rights provided in the Berne Convention. 187 The implementation of Article 8 of the WCT by national

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181 WIPO Publication No. 891(E), supra note 13, at 210 para. CT-8.16.
182 Id.
184 Ficsor, supra note 39, at 500-01.
185 WIPO Publication No. 891(E), supra note 13, at 209 para. CT-8.11.
186 Id.
187 Id.
legislation gave birth, as expected, to heterogeneous systems.\footnote{FICSOR, supra note 39, at 501.} The United States opted for a combination of the right of distribution and the right of communication to the public,\footnote{The US Copyright Act provides as follows “... the owner of copyright under this title has the exclusive rights to do and to authorize any of the following: ... (3) to distribute copies or phonorecords of the copyrighted work to the public by sale or other transfer of ownership, or by rental, lease, or lending ... “. 17 U.S. Code §106.} the European Union opted instead for the application of a broad right of communication to the public.\footnote{Directive 2001/29/EC on the harmonisation of certain aspects of copyright and related rights in the information society (hereinafter “InfoSoc Directive”), Article 3(1): “Member States shall provide authors with the exclusive right to authorise or prohibit any communication to the public of their works, by wire or wireless means, including the making available to the public of their works in such a way that members of the public may access them from a place and at a time individually chosen by them.”} Noticeably, the right of “making available to the public” is not a right recognized and grounded under the provisions of the U.S. Copyright Act.\footnote{Okediji, supra note 22, at 2397.} U.S. Courts have restlessly repeated that Article 8 of the WIPO Copyright Treaty does not create a private right of action, as the WIPO Treaties are non-self-executing, and thus refused to recognize in the provision an enforceable making-available right.\footnote{Id.}

The WCT provisions on these rights did, in fact, give the Contracting Parties a wide flexibility in their implementation. Moreover, States were left completely free in regulating phenomena which were not taking into account, or on which an agreement was not reached, at the time the WCT was negotiated. In particular, reference goes to the Content Providers and Internet Service Providers liability, and to the regulation of user-generated contents.\footnote{Id. at 2399.}

\subsection*{1.5.5. Other Rights}

Other rights are recognized under the WCT through the incorporation, contained in Article 1(4) of the WCT, of Articles 1 to 21 of the Berne Convention. As mentioned above,\footnote{See supra para. 5.} some of these rights have to
be applied *mutatis mutandis* in the context of the new digital environment; some others, instead, do not require any variation. Article 6bis of the Berne Convention, incorporated into the WCT, grants the author the right to claim authorship of his work and to object to any distortion, mutilation, or modification, which would be prejudicial to his honor or reputation. The right of translation pursuant to Article 8 of the Berne Convention is fully applicable to the WCT and grants the authors the exclusive right of making and of authorizing translation of their works.\(^{195}\) The same is true for the right of adaptations contained in Article 12 of the Convention, which provides for an exclusive economic right to authorize adaptations, arrangements and other alterations.\(^ {196}\) The incorporation of Article 11, 11bis and 11ter of the Convention concerning the rights of performance, broadcast and public recitation, assumes an importance as they cover acts of communication to the public, both via wireless means, by wire and by the combinations of these two technologies.\(^ {197}\) The applicability of Article 13 of the Berne Convention on sound recordings remained unchanged in the WCT, and the proposals for the abolition of non-voluntary licenses were not adopted.\(^ {198}\) The provisions on cinematographic works of Article 14 and 14bis of the Berne Convention were also incorporated in the WCT, with some adaptations.\(^ {199}\)

\(^{195}\) Berne Convention, Article 8: “Authors of literary and artistic works protected by this Convention shall enjoy the exclusive right of making and of authorizing the translation of their works throughout the term of protection of their rights in the original works.”

\(^{196}\) Berne Convention, Article 12: “Authors of literary or artistic works shall enjoy the exclusive right of authorizing adaptations, arrangements and other alterations of their works.”

\(^{197}\) FICSOR, *supra* note 39, at 438.

\(^{198}\) Article 6 of the draft WCT contained a provision that would have obliged the Contracting Parties to no longer apply the provision of Article 13 of the Berne Convention, which *inter alia* gives the State discretion in imposing for itself “reservations and conditions on the exclusive right granted to the author of a musical work.” The drafted provision was rejected by a large majority of States, including China and the African Group. *See* FICSOR, *supra* note 39, at 80.

\(^{199}\) *Supra* para. 5.3.
1.6. Exceptions and Limitations (Berne Convention Articles 10 and 10bis, TRIPs Article 13, and WCT Article 10)

1.6.1. Copyright Exceptions and Limitations

Copyright limitations are primarily provided on defense of fundamental rights and freedoms, such as the freedom of expression, the right to receive information, and the right to privacy.\(^\text{200}\) The limitations provided in the international context are mainly serving educational purposes, but also allowed the use of copyrighted materials during religious or official celebration, and for administrative, parliamentary or judicial proceedings.\(^\text{201}\) Some exceptions are more specific: for instance, Articles 10 and 10bis of the Berne Convention provided for permissible exceptions to the rights granted to authors, namely, the “fair use exception”\(^\text{202}\) and the “news coverage exception.”\(^\text{203}\) The application of exceptions and limitations in the digital environment was a key topic of the “digital agenda” of the

\(^{200}\) Martin Senftleben, Copyright, Limitations and the Three-Step Test: An Analysis of the Three-Step Test in International and EC Copyright Law 23 (2004)

\(^{201}\) Id.

\(^{202}\) Berne Convention Article 10: “(1) It shall be permissible to make quotations from a work which has already been lawfully made available to the public, provided that their making is compatible with fair practice, and their extent does not exceed that justified by the purpose, including quotations from newspaper Articles and periodicals in the form of press summaries. (2) It shall be a matter for legislation in the countries of the Union, and for special agreements existing or to be concluded between them, to permit the utilization, to the extent justified by the purpose, of literary or artistic works by way of illustration in publications, broadcasts or sound or visual recordings for teaching, provided such utilization is compatible with fair practice. (3) Where use is made of works in accordance with the preceding paragraphs of this Article, mention shall be made of the source, and of the name of the author, if it appears thereon.”

\(^{203}\) Berne Convention, Article 10bis: “(1) It shall be a matter for legislation in the countries of the Union to permit the reproduction by the press, the broadcasting or the communication to the public by wire, of Articles published in newspapers or periodicals on current economic, political or religious topics, and of broadcast works of the same character, in cases in which the reproduction, broadcasting or such communication thereof is not expressly reserved. Nevertheless, the source must always be clearly indicated; the legal consequences of a breach of this obligation shall be determined by the legislation of the country where protection is claimed. (2) It shall also be a matter for legislation in the countries of the Union to determine the conditions under which, for the purpose of reporting current events by means of photography, cinematography, broadcasting or communication to the public by wire, literary or artistic works seen or heard in the course of the event may, to the extent justified by the informative purpose, be reproduced and made available to the public.”
Diplomatic Conference.\textsuperscript{204} For this reason, a specific Article in the WCT, Article 10, was dedicated to this issue.

\subsection*{1.6.2. The Three-Step Test}

The first Paragraph of WCT Article 10\textsuperscript{205} clearly recalls the “three-step test” provided by Article 9(2) of the Berne Convention, as adopted at the 1967 Stockholm revision conference.\textsuperscript{206} The test was reaffirmed in Article 13 of the TRIPs, which extended the provision from “authors” to, more generally, any “right holder.”\textsuperscript{207}

The first step of the test requires that the exception or limitation have to be a “special case.” Therefore, it has to be well defined and justifiable by some public policy considerations, such as the protection of fundamental rights, public interests concerning education, adjustment of market failure, or consumers” protection.\textsuperscript{208} However, it is only the scope of the exception that has to be defined, and it is not required to identify each and every possible case in to which the exception could apply.\textsuperscript{209} The second step wants the exception or limitation not to be in conflict with a normal exploitation of the work, meaning not to enter into economic competition with the exercise of the right of reproduction by the author.\textsuperscript{210} The third and last step requires the exception or limitation not to prejudice the “legitimate interests” of copyright owners. Given that any exception or limitation is

\begin{itemize}
\item[FICSOR, supra note 39, at 514.]
\item[WIPO Copyright Treaty, Article 10: “(1) Contracting Parties may, in their national legislation, provide for limitations of or exceptions to the rights granted to authors of literary and artistic works under this Treaty in certain special cases that do not conflict with a normal exploitation of the work and do not unreasonably prejudice the legitimate interests of the author.”]
\item[Berne Convention, Article 9: “(2) It shall be a matter for legislation in the countries of the Union to permit the reproduction of such works in certain special cases, provided that such reproduction does not conflict with a normal exploitation of the work and does not unreasonably prejudice the legitimate interests of the author.”]
\item[TRIPs, Article 13: “Members shall confine limitations or exceptions to exclusive rights to certain special cases which do not conflict with a normal exploitation of the work and do not unreasonably prejudice the legitimate interests of the right holder.”]
\item[FICSOR, supra note 39, at 516.]
\item[JERRY JIE HUA, TOWARD A MORE BALANCED APPROACH: RETHINKING AND READJUSTING COPYRIGHT SYSTEMS IN THE DIGITAL NETWORK ERA 147 (2014).]
\item[FICSOR, supra note 39, at 516.]
\end{itemize}
somehow prejudicial, this step has to be interpreted that the exception or limitation shall not exceed a certain level of prejudice which can be reasonably justified in consideration of the special and well-defined public policy consideration.\textsuperscript{211} In other words, an exception or limitation would reach an unreasonable level if it causes an unreasonable loss of income to the copyright holder.\textsuperscript{212} Whether the “legitimate interests” of the author can include non-economic interest depends on the interpretation of the Berne Convention.\textsuperscript{213} As Article 6bis of the Berne Convention refers to the non-economic interest in the acknowledgement of authorship and a work’s integrity, it is recognized that, besides the author’s economic interest, the third criterion of the three-step test of Article 10 WCT includes both economic and non-economic interests.\textsuperscript{214}

The second paragraph of WCT Article 13 reinstates, redundantly, the three-step test,\textsuperscript{215} with the result of underlying the applicability of the test to all rights under copyright, including, even if not specified, to rights arising in the digital, networked environment.

Article 13 ends with a relevant agreed statement,\textsuperscript{216} which was included to address, specifically, the issue of the new environment. The first sentence of the agreed statement recognizes that the existing exceptions and limitations (under the Berne Convention) may be carried forward to the new environment, as far as the conditions of the “three-step test” are met.\textsuperscript{217} Among others, exceptions and limitations already provided by the Berne

\begin{footnotesize}
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\item \textsuperscript{211} Id.
\item \textsuperscript{212} HUA, supra note 209, at 147.
\item \textsuperscript{213} SENFTLEBEN, supra note 200, at 223.
\item \textsuperscript{214} Id.
\item \textsuperscript{215} WIPO Copyright Treaty Article 10: “(2) Contracting Parties shall, when applying the Berne Convention, confine any limitations of or exceptions to rights provided for therein to certain special cases that do not conflict with a normal exploitation of the work and do not unreasonably prejudice the legitimate interests of the author.”
\item \textsuperscript{216} WIPO Copyright Treaty, Agreed statement concerning Article 10: “It is understood that the provisions of Article 10 permit Contracting Parties to carry forward and appropriately extend into the digital environment limitations and exceptions in their national laws which have been considered acceptable under the Berne Convention. Similarly, these provisions should be understood to permit Contracting Parties to devise new exceptions and limitations that are appropriate in the digital network environment.”
\item \textsuperscript{217} FICSOR, supra note 39, at 520.
\end{itemize}
\end{footnotesize}
Convention were the free use of quotations, the free use for educational purposes, the free use of certain Articles and broadcast works, and the free use of works for the reporting of current events. The second sentence of the agreed statement then gives the Contracting Parties the power of devising new exceptions and limitations that are “appropriate in the digital network environment.”

The implementation of these provisions led some Contracting Parties, such as the European Union, to exhaustively list the exceptions and limitations which may be provided.\textsuperscript{218}

1.7. Obligations Concerning Technological Measures and Rights Management Information

1.7.1. Obligations Concerning Technological Measures

Article 11 of the WCT\textsuperscript{219} is the first provision ever that ensured a separate protection to technological measures which are used to protect authors’ rights.\textsuperscript{220} The presence of this provision in the WCT shows the awareness of unauthorized access to or use of works protected by copyright, that can take place in various forms and it is in constant development.\textsuperscript{221} On the one hand, the risks of privacy, and on the other, the technological tools more frequently used by authors to control the use and access of their protected works, gave rise to the necessity of an appropriate legislative support to technological protection measures.\textsuperscript{222} It is clear that insecure technological measures could allow undesirable third party access and prevent rights holders from disseminating their valuable works on the

\begin{footnotes}
\item[218] InfoSoc Directive, see infra Chapter 3 para. 4.
\item[219] WIPO Copyright Treaty, Article 11: “Contracting Parties shall provide adequate legal protection and effective legal remedies against the circumvention of effective technological measures that are used by authors in connection with the exercise of their rights under this Treaty or the Berne Convention and that restrict acts, in respect of their works, which are not authorized by the authors concerned or permitted by law.”
\item[220] REINBOTHE & VON LEWINSKI, supra note 7, at 139.
\item[221] FICSOR, supra note 39, at 545.
\item[222] REINBOTHE & VON LEWINSKI, supra note 7, at 140.
\end{footnotes}
It was broadly accepted the principle that it is up to the authors the choice of using such measures or not; however, in case they opted for such a use, they should be granted adequate protection. Article 11 provides national legislators with a general framework for such a protection, and it does so by taking into account three key points: (i) the target of the prohibition; (ii) the balance of interests; and (iii) the indirect relation to limitation of and exceptions to the rights.

First of all, Article 11 of the WCT obliges Contracting Parties to provide for “adequate legal protection” against circumvention of technological measures. The adequateness of the protection has to be determined by the national legislation and requires a balance between the interests of the authors to achieve strong protection and the interests of others. In general, Contracting Parties should provide protection and remedies against: (i) the unauthorized acts of circumvention and their preparatory activities (e.g. manufacture of devices); (ii) all acts in which technological measures are used to access and to copy; (iii) devices which, among their purposes, can be used for circumvention (because so advertised or marketed); and (iv) individual components of devices that can be used for circumvention. Only “effective technological measures” have to be protected, namely the ones used to protect the authors’ works and used by the authors (or their agents or licensees). The legal remedies have to be “effective,” no matter the branch of law they are located in, and the obligation to protect technological measures against circumvention only extends to unauthorized acts. Thus, if the author consents to the circumvention or such circumvention is permitted by the national law, no obligation exists under the WCT. National exceptions and limitations to

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223 WIPO Publication No. 856, supra note 29, at 28 para. 56.
224 WIPO Publication No. 891(E), supra note 13, at 216 para. CT-11.2.
225 REIBOTHE & VON LEWINSKI, supra note 7, at 142.
226 WIPO Publication No. 891(E), supra note 13, at 218 para. CT-11.16.
227 FICSOR, supra note 39, at 547.
228 REIBOTHE & VON LEWINSKI, supra note 7, at 144.
229 FICSOR, supra note 39, at 548.
these obligations can be conceded only for certain purposes and are not allowed when incompatible with other provisions of the WCT.\textsuperscript{230}

The implementation of Article 11 in the United States provides for anti-circumvention provisions that prohibit the circumvention of technological measures only for “access” control, and not also for the “rights” control.\textsuperscript{231} Conversely, the Directive 2001/29/EC (“InfoSoc Directive”) provides protection against any kind of unauthorized circumvention, and therefore against “access control” and “rights control,”\textsuperscript{232} and also against their “preparatory acts.”\textsuperscript{233}

\textbf{1.7.2. Obligations Concerning Rights Management Information}

Article 12 of the WCT\textsuperscript{234} obliges Contracting Parties to provide for adequate and effective legal protection against: (i) the unauthorized manipulation of electronic rights management information, and (ii) the unauthorized distribution of works or copies thereof which have been manipulated. Similarly to Article 11, Article 12 embodies a new provision in the international protection of intellectual property rights.\textsuperscript{235} The inclusion of such a provision was due to the fact that information regarding the identification of the work, its author, and the terms and conditions of use

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\item \textsuperscript{230} WIPO Publication No. 891(E), \textit{supra} note 13, at 219 para. CT-11.20.
\item \textsuperscript{231} US Copyright Act Section 1201(a)(1)(A): “No person shall circumvent a technological measure that effectively controls access to a work protected under this title”. 17 U.S. Code §1201.
\item \textsuperscript{232} InfoSoc Directive, Article 6(1). \textit{See infra} Chapter 3 para. 5.1.
\item \textsuperscript{233} InfoSoc Directive, Article 6(2). \textit{See infra} Chapter 3 para. 5.2.
\item \textsuperscript{234} WIPO Copyright Treaty, Article 12: “(1) Contracting Parties shall provide adequate and effective legal remedies against any person knowingly performing any of the following acts knowing, or with respect to civil remedies having reasonable grounds to know, that it will induce, enable, facilitate or conceal an infringement of any right covered by this Treaty or the Berne Convention: (i) to remove or alter any electronic rights management information without authority; (ii) to distribute, import for distribution, broadcast or communicate to the public, without authority, works or copies of works knowing that electronic rights management information has been removed or altered without authority.

As used in this Article, “rights management information” means information which identifies the work, the author of the work, the owner of any right in the work, or information about the terms and conditions of use of the work, and any numbers or codes that represent such information, when any of these items of information is attached to a copy of a work or appears in connection with the communication of a work to the public.”
\item \textsuperscript{235} REINBOTEHE \& VON LEWINSKI, \textit{supra} note 7, at 150.
\end{itemize}
\end{footnotesize}
of the work are often electronically attached thereof.\textsuperscript{236} It is very common, for instance, to attach a software license to the software itself, rather than have it in a printed-paper form. The manipulation of such information by third parties could cause infringement of authors’ rights, when the name of the right holder or the terms of a license are altered.\textsuperscript{237} Article 12(1) obliges the parties to adopt “adequate” and “effective” remedies to protect rights management information in electronic form (information mainly embodied in numbers and codes).\textsuperscript{238} Technological systems of protection used by authors in order to protect their works include: anti-copy devices, access control, electronic envelopes, encryption, passwords, watermarking, and fingerprinting.\textsuperscript{239} Notwithstanding the trend of several industries to establish some standards for the use of technological measures (for instance, the music industry), these methods can currently all be circumvented.\textsuperscript{240} For this reason, Contracting Parties are required to punish such acts as a medium of deterrence. However, similarly to Article 11, Article 12 leaves the Contracting Parties with a wide flexibility in the choice of the legal remedies. Article 12(1)(i) establishes that protection has to be provided for authors against certain acts of manipulation of the information (the removal and the alteration of it); Article 12(1)(ii) covers instead acts which presupposes the performance of the acts of removal or alteration, namely the distribution, the importation, or the broadcasting and communication of works or copies of works.\textsuperscript{241} Those acts must be performed “without authority,” namely without authorization of the author and not permitted by the law, and “knowingly,” thus the mere inadvertent acts are not covered.\textsuperscript{242} Moreover, the person should know or should have reasonable grounds to know that the act performed “will induce, enable, facilitate or conceal an

\begin{footnotes}
\item[236]WIPO Publication No. 856, \textit{supra} note 29, at 29 para. 57.
\item[237]\textit{Id.}
\item[238]FICSOR, \textit{supra} note 39, at 565.
\item[239]WIPO Publication No. 856, \textit{supra} note 29, at 29 para. 59.
\item[240]\textit{Id.} at 59-60.
\item[241]REINBOTHE \& VON LEWINSKI, \textit{supra} note 7, at 154-55.
\item[242]WIPO Publication No. 891(E), \textit{supra} note 13, at 221 para. CT-12.4.
\end{footnotes}
infringement.” If these requirements are met, the person must be sanctioned. However, the person may be sanctioned for the actions covered by Article 12(1)(ii) if he only has reasonable grounds to know that the electronic information has been removed or altered, and that this happened without authority. The agreed statements on Article 12 first clarifies that “any rights covered by this Treaty” refers to both exclusive rights and possible rights of remuneration, and then points out that the regulation of the application of rights management information may in no way undermine the principle of formality-free.

The implementation of such provision was carried out, in the United States, with a provision in the Copyright Act that copies word by word Article 12(1) of the WCT, except for the fact that it applies not only to electronic rights management information, but to any rights management information. The implementation carried out with the InfoSoc was different.


Article 14 of the WCT, in its first provision recalls Berne

243 Id.
244 REINBOTHE & VON LEWINSKI, supra note 7, at 157. For the principle of formality-free, see supra para. 4.1.
245 WIPO Copyright Treaty, Agreed statement concerning Article 12 of the WCT: “It is understood that the reference to “infringement of any copyright covered by this Treaty or the Berne Convention” includes both exclusive rights and rights of remuneration. It is further understood that Contracting Parties will not rely on this Article to devise or implement rights management systems that would have the effect of imposing formalities which are not permitted under the Berne Convention or this Treaty.”
246 FICSOR, supra note 39, at 565.
247 US Copyright Act, Section 1202(b): “(b) Removal or Alteration of Copyright Management Information.— No person shall, without the authority of the copyright owner or the law— (1) intentionally remove or alter any copyright management information . . . ” 17 U.S. Code §1202(b).
248 See infra Chapter 3 para. 5.2.
249 WIPO Copyright Treaty, Article 14: “(1) Contracting Parties undertake to adopt, in accordance with their legal systems, the measures necessary to ensure the application of this Treaty. (2) Contracting Parties shall ensure that enforcement procedures are available under their law so as to permit effective action against any act of infringement of rights covered by this Treaty, including expeditious remedies to prevent infringements and remedies which constitute a deterrent to further infringements.”
Both provisions embody a general compliance clause, with a slight difference between the two: while the Berne Convention states that the Parties have to adopt measures necessary to ensure the application of the Convention in accordance to their “constitution,” the WCT speaks of implementation of the WCT in compliance with their “legal systems.” The WCT provision is also similar to Article 1(1) third sentence of the TRIPs Agreement that leaves the Members free to determine the appropriate method of implementation within “their own legal system and practice.” Compared with the Berne provision, the TRIPs and WCT versions seem to leave more freedom to the Contracting Parties in choosing the legal means of implementing their obligations under the Treaty. According to the legal system of each Contracting Party, appropriate implementation measures may be legislative, administrative, or a mixture of both.

Article 14(2) of the WCT contains instead enforcement provisions. During the negotiations of the WCT, countries were divided on the point. On the one hand, some countries, including the European Commission with its Member States, called for the extension of the international enforcement system adopted under the TRIPs to the WCT; on the other hand, mainly Asian countries argued that the enforcement was to be left to the national legislation of each Contracting Party. The majority of countries shared the view that enforcement provisions were, in any case, necessary. In light of the final text of Article 14(2), the view that wanted to extend the enforcement provisions of the TRIPs to the WCT did not succeed and the enforcement mechanisms were left to the discretion of national legislation.

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250 Berne Convention Article 36(1): “Any country party to this Convention undertakes to adopt, in accordance with its constitution, the measures necessary to ensure the application of this Convention.”
251 REINBOTHE & VON LEWINSKI, supra note 7, at 171.
252 REINBOTHE & VON LEWINSKI, supra note 7, at 170.
253 Id.
254 REINBOTHE & VON LEWINSKI, supra note 7, at 170.
255 Id.
256 Id.
Article 14(2) obliges the Contracting Parties to provide for: (i) “effective action” to allow enforcement procedures “against any act of infringement of rights covered by the WCT;” and (ii) “expeditious remedies to prevent infringements,” which “constitute a deterrent to further infringements.”

As for the implementation of Article 14, the United States implemented the enforcement through the Digital Millennium Copyright Act (DMCA), while the European Union issued the InfoSoc and Enforcement Directives.257

1.9. Censorship (Berne Convention Article 17)

The controversial Article 14 of the Berne Convention, which makes safe the right of the Government of each Contracting party to permit, control or prohibit by legislative or regulatory means the circulation, presentation, or exhibition of any work or production as the authority may find necessary, is entirely applicable to the WCT.

1.10. Application in Time (Berne Convention Article 18 and WCT Article 13)

Article 13 of the WCT requires the Contracting Parties to apply the provisions of Article 18 of the Berne Convention to all protection provided for in the WCT. Therefore the WCT applies to all works that, at the moment of the Treaty coming into force, have not yet fallen into the public domain in the country of origin.258 If a work has fallen into the public domain and the reason for its fall was the expiry of the term of protection previously granted, the work cannot be protected anew.259 Under Paragraph 3 of Article

257 See infra Chapter 3 para. 6.
258 Berne Convention, Article 18: “(1) This Convention shall apply to all works which, at the moment of its coming into force, have not yet fallen into the public domain in the country of origin through the expiry of the term of protection.”
259 Berne Convention, Article 18: “(2) If, however, through the expiry of the term of protection which was previously granted, a work has fallen into the public domain of the country where protection is claimed, that work shall not be protected anew.”
18 of the Berne Convention,\footnote{260}{Berne Convention, Article 18: “(3) The application of this principle shall be subject to any provisions contained in special conventions to that effect existing or to be concluded between countries of the Union. In the absence of such provisions, the respective countries shall determine, each in so far as it is concerned, the conditions of application of this principle.”} certain temporary provisions and transitional measures are allowed (for a maximum period of two years) in order limit the protection of certain “acquired rights,” which may be related to “copies of works, and also object specifically intended for reproduction, that were completed or in the process of being completed on the entry into force of the Convention.”\footnote{261}{FICSOR, supra note 39, at 578-79.}

1.11. Conclusive Remarks

The WIPO Copyright Treaty undoubtedly constituted an essential step toward the protection of intellectual property rights in the information technology society. The Treaty not only dealt with the adaptation of intellectual property rights protection to the advances in technology, but also created an \textit{ex novo} international protection of certain works, such as databases and software. For such reasons, it has to be considered a central pillar in the international protection of copyright that transposed and adapted the Berne Convention and the TRIPs to the world of the Internet.
Chapter 2

The Enforcement of *sui generis* IP Rights:
the Case of ICANN and Domain Names
2.1. Domain Names: the New IP Rights

2.1.1. What Are Domain Names?

In order to make possible for users to have contacts with each other through the Internet, number groups are assigned to each computer.\footnote{Matthias Hartwig, \textit{ICANN – Governance by Technical Necessity}, in \textit{The Exercise of Public Authority by International Institutions: Advancing International Institutional Law} 575, 578 (A. von Bodgandy et al. (eds.), 2010).} All communications on the Internet are directed thanks to domain names, or IP numbers.\footnote{Konstantinos Komaitis, \textit{The Current State of Domain Name Regulation: Domain Names as Second-Class Citizens in a Market-Dominated World} 41 (2010).} Each IP address is a sequence of numbers consisting of four bytes\footnote{Tortsten Bettinger et al., \textit{Domain Name Law and Practice: An International Handbook} 4 (2005).} (e.g. 74.125.224.72). From the mid-1990, the growing commercialization of the Internet and the emergence of the World Wide Web were associated with a change in the status and function of domain names.\footnote{David Lindsay, \textit{International Domain Name Law: ICANN and the UDRP} 95 (2007).} Since users would have faced difficulties in remembering the IP numbers needed to navigate the Internet, a global uniform hierarchical retrieval system (domain name system) was created in 1985.\footnote{Bettinger et al., \textit{supra} note 3, at 4.} This system associates one or several names to each number and makes it easier for the users to be remembered.\footnote{Hartwig, \textit{supra} note 1, at 578.} For example, instead of typing the sequence of numbers 74.125.224.72, each user can access the Google search engine by typing \textit{google.com} in the browser.

A domain name can be considered similar to a trademark when two conditions are met: if it is used as a trademark and if satisfies the requirement of distinctiveness essential for all trademarks.\footnote{Bettinger et al., \textit{supra} note 3, at 991.} Domain names’ functions, however, are not solely commercial, while trademarks always have commercial function of market branding and distinctiveness: trademarks are source identifiers that aim to create a memorable link in the public mind between the product or service and the supplier. Some domain names address concerns other than the ones typical of a trademark, such as
domain names that address free speech.\textsuperscript{8} Since it would be improper to
generally classify domain names as trademarks, some authors suggested
treating them as \textit{sui generis} rights, namely e-property rights.\textsuperscript{9} Other
distinctions between trademarks and domain names can be drawn. First of
all, domain name registration does not depend on trademark rights, and, a
\textit{fortiori}, the mere registration of a domain name is not sufficient to acquire
intellectual property rights.\textsuperscript{10} Secondly, it is not for national trademark
registries to perform the registration or cancellation of domain names, given
that usually domain name registrars are private entities with no link to
trademark registries. Third, domain names use is global, where trademarks
tend to distinguish products in a territorially defined area. Finally, the nature
of trademarks differs from that of domain names: the former can be a name,
logo, sign, slogan, brand, color and others, while the latter is only a word
and number-based sequence and can come in a large variety of permutation.

\textbf{2.1.2. Domain Name Regulation: gTLDs and ccTLDs}

Depending on the nature of each domain name, a different authority
has competence to their regulation. Domain names can be divided into two
main categories: Generic Top-Level Domains (gTLDs) and Country Code
Top-Level Domains (ccTLDs).\textsuperscript{11} Generic Top-Level Domains – such as
\texttt{.com}, \texttt{.net} and \texttt{.org} – are registered by more than 200 Registrars accredited
by ICANN.\textsuperscript{12} They are considered “open” gTLDs because there are no
restrictions on eligibility for registration.\textsuperscript{13}

Registration of other gTLDs – such as \texttt{.gov} and \texttt{.edu} – are instead
under the United States Government control and are known as “closed,” as

\textsuperscript{8} KOMAITIS, \textit{supra} note 2, at 62.
\textsuperscript{9} \textit{Id.} at 62-63.
\textsuperscript{10} BETTINGER ET AL., \textit{supra} note 3, at 911.
\textsuperscript{11} LINDSAY, \textit{supra} note 4, at 9.
\textsuperscript{12} For the history and functions of ICANN, see \textit{infra} para. 2.2.
\textsuperscript{13} LINDSAY, \textit{supra} note 4, at 10.
registrations are limited, respectively, to US federal government organizations and US educational institutions.\textsuperscript{14}

The registration of Country Code Top-Level Domains is mainly controlled by national governments.\textsuperscript{15} Some countries, such as the United Kingdom, have opted for an unrestricted registration procedure, which allows an individual to register a domain (in this case, \textit{.uk}) without any requirement of nationality, place of residence, or registered office, as far as that domain name has not been already registered.\textsuperscript{16} Other countries, such as Canada and Italy, opted for a semi-restrictive policy, requiring nationality and residency, or proof of registered business activities in the country.\textsuperscript{17} Finally, a few countries still follow a restrictive registration procedure, requiring the Registrant to provide proof of a trademark or name right that corresponds to the domain name (e.g. Australia).\textsuperscript{18} The administration of such domain names only apparently deals exclusively with technical issues, as political impacts cannot be denied.\textsuperscript{19} One may argue whether Palestine has a right to a top-level domain name, or whether Taiwan does.\textsuperscript{20} Also commercial impacts cannot be denied, not only for businesses and corporations but also for countries. On the business side, for instance, owners of adult-content websites and producers of adult content objected to ICANN’s delegation of the domain \textit{.xxx} to the ICM Registry arguing that was violating U.S. antitrust laws.\textsuperscript{21} On the public side, the very small

\begin{footnotesize}
\begin{enumerate}
\item Id.
\item For a full list of Country Code Top-Level Domains, see http://www.wipo.int/amc/en/domains/cctld_db/output.html (accessed on 10/25/14).
\item BETTINGER ET AL., supra note 3, at 37.
\item Id. at 38.
\item Hartwig, supra note 1, at 579.
\item Taiwan domain name \textit{.tw} was even contested by the Republic of China in 2003, that ultimately withdrew its claims. Id. at 580.
\item In \textit{Manwin Licensing Int'l S.A.R.L. v. ICM Registry, LLC}, 2012 U.S. Dist. LEXIS 125126 (C.D. Cal. Aug. 14, 2012), Manwin brought a suit against both ICANN and ICM under the US antitrust laws on claims including conspiracy in restraint of trade in violation of Section 1 and conspiracy to monopolize trade in violation of Section 2 of the Sherman Act. Plaintiffs argued, \textit{inter alia}, that viewers looking for adult content would have gravitated toward the \textit{.xxx} domain because the letters uniquely connote such content. The Court recognized that a nonprofit entity that operated the domain name system could be held
\end{enumerate}
\end{footnotesize}
country Lucky Tuvalu increased its state income by more than twenty million of dollars by leasing its appealing country code .tv to televisions companies. Another concern arises with the admissible characters for domain names, which have been, for years, only Latin characters, and not also the Chinese, Arabic or Hebrew ones. Relevant to this matter is the collaboration between ICANN and UNESCO, which entered into a partnership to promote a linguistically diverse Internet. On November 16, 2009, ICANN began accepting requests from representatives of countries and territories around the world for new country codes in Arabic, Chinese and other scripts. A fortiori, the principle of state sovereignty can be questioned in these cases, and some countries already called for the recognition of equal rights to manage the Internet, including the matters of allotment and assignment of domain names.

2.2. The ICANN

2.2.1. The Creation of ICANN

The debate over the choice of the authority that had to control the root server involved mainly to sides. On one side, there was the International Telecommunications Union (ITU) and groups of experts of the Internet Society (ISOC); on the opposite side there was the U.S.
Government. The former group wished for a separate and independent international sectorial authority, the International Council of Registrars (CORE), while the latter proposed a model based on private self-regulation. The U.S. model, in the end, prevailed over the international one. Many scholars would have expected that an authority with power to establish Internet standards around the world should resemble the forms of an international organization, or at least, be an entity under international law. The truth is that private corporations were and are the principal participants in setting the standards and organizing the Internet. State actors and international organizations are sometimes in competitions with private actors, sometimes they partly deferred to these, and occasionally they try to recapture governance authority they deferred. Among the private actors is the Internet Corporation for Assigned Names and Numbers (ICANN), which is neither an international organization nor an entity under international law. ICANN is a non-profit benefit corporation incorporated under California law, and is, to date, the unique multi-stakeholder responsible for decisions regarding the Domain Name System (DNS). As mentioned above, the United States was the cradle of the Internet, and thus the leading country in administering (or pushing for the administration of) it. It was the U.S. Government to create the ICANN in 1998 with the intent to guarantee a government neutral management of the Internet, followed by the bottom-up principle in the area of policy making. Although both the

28 Id.
29 Id.
30 Id.
31 Hartwig, supra note 1, at 576.
32 Id.
33 Take Ingo, Regulating the Internet Infrastructure: A Comparative Appraisal of the Legitimacy of ICANN, ITU and the WSIS, in 6 Regulation & Governance 499, 504 (2012).
34 Hartwig, supra note 1, at 576.
35 David Lindsay, ICM registry v. Internet Corporation for Assigned Names & Numbers (ICDR), Introductory note, 49 ILM 956, 956 (2010).
36 See supra Chapter 1 para. 1.1.2.
U.S. government and ICANN describe their relationship as a mere technical management, ICANN was undoubtedly called to make choices that are more closely related to public policy rather than technical issues.\(^\text{38}\) On the one hand, the government created a private body to ensure the neutrality in the management of the Internet, on the other hand, the U.S. Department of Commerce collaborated with ICANN’s to ensure that the goals set were achieved.

### 2.2.2. ICANN’s Structure and Functions

The ICANN presents a complex internal structure, composed of a Board of Directors, three Supporting Organizations and four Advisory Committees. The Board of Directors is the executive component of ICANN and it is composed of sixteen voting members.\(^\text{39}\) Eight of them are selected by the Nominating Committee, six by the three supporting organizations,\(^\text{40}\) one by the At-Large Community, and the President is voting member \textit{ex officio}. The composition of the board should reflect diversity in geography, culture, skills, experience and perspectives.\(^\text{41}\) The directors are usually experts in gTLD registries and registrars and Internet standards and protocols.\(^\text{42}\) In order to maintain neutrality, it is excluded the eligibility of officials of national governments to serve as directors.\(^\text{43}\) The three supporting organizations play a key role in the nomination of the directors and are the main source of policy recommendation within specialized areas. The Address Supporting Organization advises the Board on policy issues relating to the operation, assignment, and management of Internet

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\(^{39}\) ICANN, \textit{Bylaws} Article VI Section 2(2).
\(^{40}\) ICANN, \textit{Bylaws}, Article VI Section 2(2). Each supporting organization selects two directors. The supporting organization are the Address Supporting Organization, the Country-Code Names Supporting Organization, and the Generic Names Supporting Organization.
\(^{41}\) ICANN, \textit{Bylaws}, Article VI Section 2(2).
\(^{42}\) ICANN, \textit{Bylaws}, Article VI Section 3(4).
\(^{43}\) ICANN, \textit{Bylaws}, Article VI Section 4(1).
addresses. The Country-Code Names Supporting Organization is instead responsible for developing and recommending global policies relating to country-code top-level domains. Finally, the Generic Names Supporting Organization develops and recommends to the Board substantial policies relating to gTLDs. Moreover, four Advisory Committees provide advice to the Board within their area of expertise. The Security and Stability Committee advises the Board on issues relating to the security and integrity of the allocation and naming address systems. The Root Server System Committee instead advises the Board on the operation, administration and security of the Internet’s Root Server System. Individual Internet users are represented in the At-Large Advisory Committee, which conveys into the ICANN community issues for which input and advice is appropriate. Finally, and most importantly, to rebalance ICANN’s private nature with the public interest, a specific place for governments was created within the ICANN: a Governmental Advisory Committee, that, although not binding on ICANN’s Board, is very influential. The Governmental Advisory Committee is the forum through which governments’ concern on ICANN policies are communicated to the Board. This Committee is open to all national governments and it is considered the most powerful committee, as it can put issues to the Board directly and can specifically recommend actions or new policy development.

In order to ensure a stable and secure operation of the Internet’s system, ICANN assigns, through its Board’s decisions, domain names and the Internet protocols. The implementation of such decisions is possible

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44 ICANN, Bylaws, Article VIII Section 1.
45 ICANN, Bylaws, Article IX.
46 ICANN, Bylaws, Article X.
47 ICANN, Bylaws, Article XI Section 2(2).
48 ICANN, Bylaws, Article XI Section 2(3).
49 ICANN, Bylaws, Article XI Section 2(4).
50 Carotti & Casini, supra note 27, at 189.
51 The Governmental Advisory Committee powers are further discussed in para. 2.2.3.2.
52 ICANN, Bylaws, Article XI Section 1.
53 ICANN, Bylaws, Article XI Section 1(i).
54 Hartwig, supra note 1, at 584.
thanks to agreements that ICANN enters into with the registries of domain names.\(^{55}\) Registries may be private corporations, state entities or public-private partnerships managing a generic domain name or a country code domain name.\(^{56}\) Registries enter into agreements with the registrars, which ultimately assign Internet addresses to users.

For generic domain names, ICANN had discretion to choose the company (registry) which should administer the domain (for example, VeriSign for the administration of .com).\(^{57}\) For country code domain names, instead, it is usually for the respective State to determine the registry which should manage the top level domain and which has to be accredited by ICANN (for instance, EURid for .eu).\(^{58}\)

Pursuant to the registry agreements between ICANN and the registries of gTDL, the latter undertake the obligation to respect the policies of ICANN. Among the principles to be respected that are the principle of allocating registered names on a first-come first-served basis, the timely renewal, the prohibition of speculation of domain names, the obligation of maintaining an updated database of domain name registrations, the resolution of disputes regarding domain names.\(^{59}\) If the registry does not conform with the agreement, ICANN can refuse the renewal of the agreement when a breach is determined by an arbitrator or court.\(^{60}\) ICANN does not conclude registry agreements with country code domain names. However, national registries chosen by each state for the assignment of names have to be accredited by ICANN and they commit themselves to securing the stability and interoperability of the Internet’s Domain Name

\(^{55}\) Id.
\(^{56}\) Id.
\(^{59}\) Registry Agreement between ICANN and VeriSign, Inc., supra note 57, at Section 3.1(b).
\(^{60}\) Id. at Section 3.1(d).
In any case, there is no general obligation to follow in toto ICANN’s policies, and the ultimate public policy authority over the relevant ccTLD rests with the relevant government. Among the policies contained in the agreements between ICANN and gTLD, one of the most important concerns the settlement of disputes surrounding domain names. ICANN developed a rapid and effective procedure for the resolution of conflicts over domain name ownership by instituting, with the collaboration of WIPO, the Uniform Domain Name Dispute Resolution Policy. Such a procedure, although not applicable to ccTLD, has been a model for States which instituted a specific system for domain names dispute resolutions.

2.2.3. ICANN as a Private/Public Hybrid

ICANN is an unusual organization, a private Californian corporation vested with substantial global and public functions. ICANN’s hybrid nature can be addressed on three main points: 1) applicable law, 2) public-private partnership, and 3) relations with international organizations.

2.2.3.1. Applicable Law

One of the big challenges of international law is the accountability of non-state actors that perform transnational governance functions. Given that ICANN is a Californian corporation, it is subject, first of all, to California laws. It has to be addressed the issue of whether, and if so to what extent, international principles may be applicable to such a hybrid

61 For a list of ccTLD Agreements, see https://www.icann.org/resources/pages/ctlds/ctlds-en.
62 The UDRP will be further discussed infra para. 2.3 et seq.
63 For instance, Singapore has adopted the SDRP (Singapore Domain Name Dispute Resolution Policy) available at http://web.sgnic.sg/sites/default/files/SDRP_0.pdf, which has striking similarities with the UDRP. Three points distinguishes the two systems: (i) the possibility of mediation, (ii) the enlarged scope of the procedure, which embraces cases involving unlawful registrations of “names” and not only trademarks, (iii) the domain name has been registered or (instead of and) is being used in bad faith.
64 Lindsay, supra note 35, at 958.
65 Id.
private/public entity. Article 4 of ICANN’s Articles of Incorporation provides that “[t]he Corporation shall operate for benefit of the internet community as a whole, carrying out its activities in conformity with the relevant principle of international law and applicable international conventions and local law . . .” As pointed out by Professor Goldsmith, the Article has to be interpreted as including the law of California, international treaties, and principles of international law, which includes the general principle of good faith. In *ICM Registry, LLC, v. ICANN*, it was at issue, *inter alia*, the extent to which principles of international law, and in particular the principle of good faith and allied principles (estoppel, legitimate expectations and abuse of rights) could be deemed applicable to ICANN. ICANN argued that it did not adopt principles of international law indiscriminately, but rather to ensure consistency between its policies and substantive international law on matters relevant to various stakeholders in the Internet community. Specifically, ICANN pointed out that the principles of international law applicable are only those “relevant,” as indicated in Article 4, and therefore only the general principles on trademark law and on freedom of expression. Moreover, ICANN argued that its private nature would render impossible the application of international legal principles to a dispute between private parties. In this non-binding Independent Review Process, the ICDR Panel was not persuaded on this point, and held that the applicable principles of international law are not confined to the ones indicated by ICANN, rather they include international legal principles of “general applicability,” such as the fundamental principle of good faith and allied principles. Moreover, since ICANN has governance on an “intrinsically international resource of

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66 Articles Of Incorporation Of Internet Corporation For Assigned Names and Numbers as Revised November 21, 1988, Article 4.
67 *ICM Registry, LLC, v. ICANN*, ICDR Case No. 50 117 T 00224 08 (Feb. 19, 2010).
68 Id.
69 Id. at Para 106.
70 Id.
71 Id. at Para 107.
72 Id. at Para 137.
immense importance to global communication and economies” (the Internet), the intention that animated the inclusion of principles of international law in the Articles of Incorporation can only be interpreted as the desire to be subject to the general principles of international law.

2.2.3.2. Public-Private Partnership

Over time, the mere advisory role given to the Government Advisory Committee (GAC) was often debated. The European Commission and many of its member States (especially France, Germany, and Spain) pointed out that ICANN was remitting issues historically preserved of governments, and called for a stronger involvement. ICANN recognized that governments participation was “critical to its success,” and in 2002, due to the pressure from governments outside the U.S. and as a consequence of the terror attacks of 2001, it transformed the status of the GAC from a general conference to an integrated part of ICANN. Together with this change, ICANN agreed to duly take into account the issues raised by the GAC, and in case the Board of Directors intends not to follow the GAC’s advise, it has to provide reasons upon which a mutually solutions would be sought. However, when such a solution is not reached, the ICANN Board decision will prevail. Nevertheless, some authors believe

73 Id. at Para 140.
74 George Christou & Seamus Simpson, International policy implementation through gatekeeping: the Internet Corporation for Assigned Names and Numbers, in INTERNATIONAL ORGANIZATIONS AND IMPLEMENTATION 75, 81 (Joachim et al. (eds.), 2008).
75 Id.
77 Hartwig, supra note 1, at 576.
78 ICANN, Bylaws, Article XI(2)(1)(j): “The advice of the Governmental Advisory Committee on public policy matters shall be duly taken into account, both in the formulation and adoption of policies. In the event that the ICANN Board determines to take an action that is not consistent with the Governmental Advisory Committee advice, it shall so inform the Committee and state the reasons why it decided not to follow that advice. The Governmental Advisory Committee and the ICANN Board will then try, in good faith and in a timely and efficient manner, to find a mutually acceptable solution.”
79 ICANN, Bylaws, Article XI(2)(1)(k): “If no such solution can be found, the ICANN Board will state in its final decision the reasons why the Governmental Advisory Committee advice was not followed, and such statement will be without prejudice to the
that would not be possible for ICANN to take decisions against the will of the GAC, as sovereign States preserve their competences for public policy issues, including the administration of the Internet under the national control.\textsuperscript{80} Obviously, the U.S. government has a greater influence over ICANN’s decision, which sometimes is not fully transparent. The deliberative process privilege protects, in fact, the disclosure of the debates within the Department of Commerce.\textsuperscript{81}

\textbf{2.2.3.3. Relations with International Organizations in the Global Internet Governance}

As mentioned above, ICANN is the leading authority in the administration of the Domain Name System. This does not mean, however, that the international Internet regulation is exclusively reserved to a private arrangement.\textsuperscript{82} The International Telecommunication Union (ITU) is an international organization and specialized UN agency establishing the formulation of worldwide technical standards for information and communication technologies (ITCs).\textsuperscript{83} On its 150\textsuperscript{th} anniversary, the ITU counts 193 Member States.\textsuperscript{84} Membership is also open to ICTs regulators, academic institutions, and private companies. Similarly to ICANN, even though with a different balancing system, ITU’s action involves both public (States) and private (companies) actors. ITU’s areas of actions are mainly

\textsuperscript{80} Hartwig, \textit{supra} note 1, at 584.
\textsuperscript{81} In \textit{ICM Registry, LLC v. United States DOC}, 538 F. Supp. 2d 130 (D.D.C. 2008), Plaintiff ICM Registry, LLC. argued that the U.S. Department of Commerce (DOC) intervened behind the scenes to urge the ICANN to reject the company's application for a .xxx domain. The District Court granted summary judgment in favor of the U.S. DOC, holding that absent some showing that the DOC exceeded its powers or that it opposed the domain name for nefarious purposes, the DOC’s action was not misconduct within the meaning of the government misconduct exception to the deliberative process privilege. The government showed that a debate took place, and ultimately a final policy decision was never reached because ICANN did not approve the application. The government did not have to reveal what those debated options were.
\textsuperscript{82} Ingo, \textit{supra} note 33.
\textsuperscript{83} For more details on ITU, see http://www.itu.int/en/about/Pages/default.aspx.
\textsuperscript{84} Full list of ITU Member States available at http://www.itu.int/online/mm/scripts/mm.list?_search=ITUstates&_languageid=1.
three: (i) the management of the international radio-frequency spectrum and satellite orbit resources (ITU Radio communication Sector, ITU-R); (ii) the establishment of global communications standards (ITU-T); and (iii) the improvement of telecommunication infrastructure in the developing world (ITU-D).

The United Nations General Assembly welcomed the ITU proposal for the institution of a World Summit on the Information Society (WSIS) and recognized ITU as the leading actor of it. The summit occurred in two phases: the first in Geneva in December 2003, the second in Tunis in November 2005. In the first phase was stressed out the importance of a multilateral international administration of the Internet, with the full involvement of governments, the private sector, civil society and international organizations. The Geneva Report proposed a model in which ITU-T can assist ICANN to ensure world-wide representation of both the public and the private sectors, taking care of issues of concern to governments, ensuring that the sovereign rights of all Member States are served. Also, it proposed a deeper cooperation on ccTLDs and on certain domain names which are still under the ICANN management, such as the .int (for intergovernmental organizations).

The Bush administration strongly opposed the proposal for the United Nations to give ITU the control over the top-level services that direct traffic data for all domain names. On the one hand, U.S. was demanding to maintain a key role in the management of the Internet (through ICANN), on the other hand, the European Union was pushing for a multilateral approach. In particular, the EU Information Technology Commissioner Viviane Reding affirmed that an Internet dominated by one nation and which does not belong to all the

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87 Id.
nations “could fall apart.” In the second phase, the UN Secretary General Kofi Annan pointed out that purpose of the UN in the WSIS was to ensure the Internet’s global reach, and not to “take over, police, or otherwise control the Internet.” After recognizing the leading role of the United States in the management of Internet, however, Annan agreed that “it is an authority that many say should be shared with the international community.” Annan established a Working Group on Internet Governance which proposed four models. Two of the proposed models were based on a stronger participation of the governments, and on of the two aimed at the substitution of the U.S. government in the supervision of ICANN. The other two were instead aimed at the creation of an international body: one of them aimed at the transfer of the most importance competences of ICANN to a World Internet Corporation for Assigned Domain Names and Numbers; the other proposed instead the establishment of an International Internet Council which should defend the interests of the public vis-à-vis ICANN. Needless to say, the U.S. government did not intend to give up its supervisory functions over the Internet administration and therefore the basic structure of the Internet administration and ICANN were maintained. The U.S. Government offered two arguments against the creation of an international body. The first concern regarded the excessive bureaucratization of the UDRP if administered by an international body. The second concern was the possible damages that the free world of Internet could suffer due to the participation of some countries such as China. Under the Obama administration, however, the U.S. government seemed to

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89 Id.
91 Id.
92 Hartwig, supra note 1, at 600-01.
93 Id.
95 Id.
96 Id.
have reconsidered its unilateral approach toward a multilateral one.  

2.2.3.4. ICANN to Transition to the Global Multi-Stakeholder Community

In March 2014, the National Telecommunications and Information Administration (NTIA), an arm of the Commerce Department, announced that it intended to “transition key Internet domain name functions to the global multi-stakeholder community” when the current contract with the Internet Corporation for Assigned Names and Numbers (ICANN) expires on September 30, 2015.  

The principles to which the transitional process should conform are the enhancement of the multistakeholder model, and the security, stability and openness of the Internet.  

The NTIA also affirmed that it would not accept a government-led or an intergovernmental solution.  

ICANN created two working groups to solicit input from the multi-stakeholder community. The IANA Stewardship Transition Coordination Group (ICG), established in June 2014, is formed by thirty individuals from thirteen stakeholder communities and is charged with ensure that the transition will comply with the requirements outlined by the NTIA.  

The ICANN Accountability and Governance Cross Community Working Group (CCWG), established in October 2014, is instead charged with developing proposals that would enhance ICANN’s accountability towards all stakeholders after the U.S. supervisory role will see an end. The Governmental Advisory Committee, together with the other Committees, is also working to give insights and opinions on the reforming process. The GAC is working within the CCWG to develop proposals on ICANN’s

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97 Id. at 170.
99 Id.
100 Id.
accountability and public policy principles. Interestingly, the GAC also established a Working Group on Human Rights Issues and the Application of International Law, as “these matters relate to ICANN activities.”

Public meetings and consultations have been recently held in Singapore, and the following one will be in Buenos Aires in June 2015 (ICANN 53). Although the working groups already held various meetings and released some proposal drafts, the final transition proposal that will have to be approved by the NTIA will unlikely see completion by September 2015. The NTIA has specified that September 2015 is not a deadline, rather a target date. According to some, is highly likely that the Department of Commerce will exercise its option to extend the contract with ICANN for two years in order to postpone the target date of the transitional process.

2.3. The ICANN-WIPO Collaboration to Create and Manage a Global Domain Names Dispute Resolution Procedure

2.3.1. Creation of the UDRP

Until the UDRP system was created, no global uniform procedure for resolving disputes concerning domain names existed. In order to protect their rights, especially threatened by the practice of cybersquatting, trademark owners had to go through the ordinary track of litigation. It was because of the pressure of trademark holders, but especially thanks to

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103 Id.
106 BETTINGER ET AL., supra note 3, at 937.
107 Id.
the action undertaken by the National Telecommunications and Information Administration (NTIA), a U.S. governmental agency, that WIPO initiated the process of developing a domain name dispute resolution system.\textsuperscript{108} The current UDRP system originated from recommendations of both Registrars and WIPO contained in the Final Report and transmitted to the ICANN Domain Name Supporting Organization (DNSO).\textsuperscript{109} Originally, the system was meant to be a balanced, non-binding mechanism, applicable in the circumstances described in paragraph 4(a) of the WIPO Final Report of April 1999.\textsuperscript{110} The Final Report recommended the adoption of a quick, cost-effective uniform dispute resolution policy that had to be mandatory when agreed by domain name Registrants in open gTLDs.\textsuperscript{111} However, it reserved the right of the Parties to retain the ability to initiate litigation in national courts, as a prevailing track over the UDRP administrative procedure. From May to August 1999, the DNSO working groups exchanged drafts and recommendations with WIPO and ICANN board. The process was open to the public, and at many stages of it WIPO conducted consortia of Internet stakeholders with the aim to realize an international consultative process.\textsuperscript{112} However, some authors have questioned whether the process was “truly broad-based and transparent,” making a comparison with the traditional WIPO rulemaking, which generally goes through additional review by national governments.\textsuperscript{113}

The process ended in the ICANN Board’s approval, on 26 August 1999, of the Uniform Domain Name Dispute Resolution Policy (hereinafter

\begin{footnotes}
\footnotetext[108]{LINDSAY, supra note 4, at 100.}
\footnotetext[109]{KOMAITIS, supra note 2, at 82.}
\footnotetext[111]{LINDSAY, supra note 4, at 101.}
\footnotetext[112]{Lisa B. Bingham, Control over Dispute-System Design and Mandatory Commercial Arbitration, 67 Duke L.J. 211, 247 (2004).}
\footnotetext[113]{Helfer R. Laurence & Graememe B. Dinwoodie, Designing Non-National Systems: The Case of the Uniform Domain Name Dispute Resolution Policy, 43 William and Mary Law Review 141, 168 (2001).}
\end{footnotes}
the “Policy”) and the Rules for Uniform Domain Name Dispute Resolution Policy (hereinafter the “Rules”).

The benefits that such a procedure has carried are undeniable. First of all, it applies globally to gTLDs (domain names ending in .com, .net, and .org), notwithstanding the place of the registration and the place of business or residence.114 This kind of policy impedes either Party from raising an issue concerning personal jurisdiction. Secondly, the Proceeding is relatively rapid and cost-effective, given that the Parties do not have to appear before the Panel personally, and the filings have to be made electronically. For the latter feature, the UDRP system is considered to be an example, and for some authors a model, of Online Dispute Resolution (ODR) processes.115 Third, the UDRP is called to apply the law contained in the policy, overcoming the problems of conflicting interpretation in national trademark laws. Finally, since ICANN has control over the server that assigns domain names, it can itself enforce the Panel’s decisions without submitting the matter to national courts.116

2.3.2. Scope and Nature of the UDRP

For gTLDs, one of the conditions prescribed by ICANN for Registrars of domain names, in order to be accredited, is to agree to submit the disputes to the UDRP. In this sense, many authors described the UDRP system as one of “mandatory nature.” Paragraph 4(a)(i) of the Policy states that “[a domain-name holder] is required to submit to a mandatory Administrative Proceeding in the event that [a Complainant] asserts to the applicable [administrative-dispute-resolution service provider], in compliance with the Rules of Procedure, that (i) [the disputed domain name] is identical or confusingly similar to a trademark or service mark in which

116 Id.
the Complainant has rights.” On the one hand, once the Complainant has commenced a Proceeding under the UDRP Policy and Rules, the other Party has no right to stop the Proceeding (and it if chooses not to file a response, it will be considered in default). However, on the other hand, Parties are still free to commence litigation in their national courts. In case a legal proceeding in respect of a domain-name dispute is initiated before a court prior to or during an Administrative Proceeding, the Panel has the discretion to decide whether to suspend or terminate the Administrative Proceeding, or to proceed to a decision.117

Originally, the Domain Name System (DNS) was designed for internal purposes and domain names were not identified nor perceived as intellectual property rights.118 Although domain names can embrace much broader interests than the ones of IP rights such as trademarks, the UDRP solely embraces cases of “deliberate, bad-faith, abusive registrations,” leaving the resolution of other (trademark and non-trademark) disputes to national courts.119 The Policy was drafted with the purpose of combating the Internet phenomenon known as “cybersquatting” – namely the registration of a domain name similar to a trademark of an illegitimate purpose.120 Illegitimate purposes typical of cybersquatting practice include the practice of selling the domain name to the trademark owner at an inflated price or to a competitor of the trademark owner, and redirecting Internet traffic from the trademark owner onto the Registrant’s own site in the attempt to increase advertising revenue.121 Pursuant to UDRP Paragraph 4(a), a trademark owner who intends to seek relief under the procedure has to prove three elements: (i) the domain name is identical or confusingly similar to a trademark or service mark in which the complaint has rights, (ii) the domain holder has no rights or legitimate interests in respect of the domain

117 Rules, Paragraph 18(a).
118 LINDSAY, supra note 4, at 95.
119 BETTINGER ET AL., supra note 3, at 946.
120 Hörnle, supra note 115, at 254.
121 Id. at 253.
name, and (iii) the domain name has been registered and is being used in bad faith. As for the elements the plaintiff has to prove and how they are described, ICANN made minor changes to the language recommended by the WIPO’s Final Report in order to create a formula that clearly recalls the US Lanham Act.\textsuperscript{122}

Because domain names could potentially embrace a wider range of disputes other than cybersquatting, a number of authors have criticized the UDRP system for exclusively addressing trademark holders concerns.\textsuperscript{123} Among these disputes are disputes concerning First Amendment and freedom of expression claims where a domain name registrant has registered a name corresponding with a trademark in order to comment on or criticize the trademark holder.\textsuperscript{124} In such cases, the WIPO recognized that the outcome is not homogenous and that Panels are divided among two views: according to the first one, the right to criticize does not necessarily extend to registering and using a domain name that is identical or confusingly similar to the complainant’s trademark; the second one, preferred when both parties are from U.S. or there is U.S. jurisdiction, holds that the respondent has a legitimate interest in using the trademark as part of the domain name as far as such use is fair and noncommercial.\textsuperscript{125} More generally, a number of authors addressed the critique that the UDRP is biased in favor of trademark holders.\textsuperscript{126}

\begin{itemize}
\item \textsuperscript{123} Jacqueline Lipton & Mary Wong, Trademarks and Freedom of Expression in ICANN’s New gTLD Process, 39 Monash University Law Review 188, 188 (2013).
\item \textsuperscript{124} Id. at 191.
\item \textsuperscript{126} This is proven by the fact that trademark owners prevail in 85% of proceedings. Elizabeth C. Woodard, The UDRP, ADR, and Arbitration: Using Proven Solutions to Address Perceived Problems with the UDRP, 19 Fordham Intell. Prop. Media & Ent. L.J. 1169, 1186-87 (2009).
\end{itemize}
2.3.3. Dispute Resolution Service Providers

Complaints under the UDRP may be submitted to any of the ICANN-approved dispute-resolution service providers. Currently, the approved service providers are the Asian Domain Name Dispute Resolution Centre, the National Arbitration Forum, the WIPO Mediation and Arbitration Center, the Czech Arbitration Court (Arbitration Center for Internet Disputes), and the Arab Center for Domain Name Dispute Resolution (ACDR). So far, the WIPO Mediation and Arbitration Center have been administering the most number of cases (almost than 30,700).

Particular requirements have to be met in order to be recognized by ICANN as a Uniform Domain Name Dispute Resolution Service Provider. Among others, relevant requirements to be included in the application are: (i) having a well-established track record in handling the clerical aspects of ADR Proceedings; (ii) providing a list with (at least twenty) highly qualified neutrals; and (iii) a description of training and education measures the applicant proposes to employ for the Panelists with respect to domain name disputes, UDRP Policy, and UDRP Rules. UDRP Providers are expected to adhere in toto to the policy. The Provider can maintain supplemental rules in order to administer the Proceedings, as far as they are not inconsistent with the policy; otherwise, the policy would lose the standard of uniformity it aims to preserve. In particular, ICANN has the authority, during the examination of the provider’s application, to determine the compliance of the proposed supplemental rules (including the

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127 Updated list of dispute-resolution service providers available at https://www.icann.org/resources/pages/providers-6d-2012-02-25-en.
128 Id.
131 Id.
133 Id.
fee schedule).  

134 Even if such a case has never occurred, ICANN retains the power to revoke its approval of any UDRP Provider.  

135 This authority is limited to cases in which a provider is found to be acting in violation with the UDRP, or when the provider adopted Supplemental Rules conflicting with the UDRP, and it failed to remedy that conflict.  

136 For the aforementioned requirements, the system may appear to be strict in its uniformity, so that service providers may be perceived to be mere extensions of ICANN. The real status is, instead, considerably different. In stating the powers of the Panel,  

137 Paragraph 15(a) of the UDRP confers the Panel a broad discretion in applying to the case before it “any rules and principles of law that it deems applicable.”  

It is clear that, beyond determining the scope and the procedural rules of the UDRP, ICANN left a wide substantial autonomy to the Panels. In fact, Panels have the power to decide when (and which) national legal principles have to be taken into account, and if recurring to national legislation and judicial decisions is appropriate.  

138 The WIPO Arbitration and Mediation Center, among other providers, has contributed enormously to fill the gaps left by the UDRP Rules and has established, over time, a concrete case law on domain name disputes. Such autonomy gave rise to concerns regarding the potential for “forum shopping,” allowing the Complainant to choose the provider it believes will grant a most favorable result.  

139 In the last status report of July 2013, ICANN seemed to disguise this issue, affirming that as far as providers are performing the standards prescribed by the UDRP, it remains appropriate to give the Complainant the choice over the UDRP provider it wishes to use.  

140 ICANN further clarified

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134 ICANN, supra note 130.  
135 ICANN, supra note 132.  
136 Id.  
137 The powers of the Panels will be further discussed in para. 2.4.3.2.  
138 LINDSAY, supra note 4, at 143.  
139 ICANN, supra note 132.  
140 Id.
that, if it receives reports on UDRP providers’ non-compliance with the UDRP or the Rules, it will start an investigation and a corrective action.\textsuperscript{141}

2.4. The Uniform Domain Name Dispute Resolution Proceeding

2.4.1. The Parties

2.4.1.1. Complainant and Complaint

Pursuant to Paragraph 3(a) of the UDRP Rules, “(a) Any person or entity may initiate an Administrative Proceeding by submitting a complaint in accordance with the Policy and these Rules to any Provider approved by ICANN.” Although the wording of Paragraph 3(a) refers to a singular Complainant, if more than one Party holds the rights to the trademark jointly, they are entitled to file a complaint jointly or individually.\textsuperscript{142}

The UDRP Rules do not prescribe a specific format to be followed for a complaint under the procedure. Although the Rules allow certain flexibility and informality, each dispute resolution provider offers model complaints the Parties are encouraged to follow in order to include all the information required in Paragraph 3(b) of the Rules. The WIPO Model Complaint\textsuperscript{143} suggests the Complainant to indicate: (i) Complainant\textsuperscript{144} and Respondent\textsuperscript{145} information with authorized representatives; (ii) the domain name(s) at issue and Registrar(s);\textsuperscript{146} (iii) the language of Proceedings;\textsuperscript{147} (iv) the jurisdictional basis for the Administrative Proceeding;\textsuperscript{148} (v) factual and legal grounds on which the complaint is based;\textsuperscript{149} (vi) the remedies

\textsuperscript{141}Id.
\textsuperscript{142}BETTINGER ET AL., supra note 3, at 958. See also ASPREY & GARRAWD LIMITED AND GARRARD HOLDINGS LIMITED v. www.24carat.co.uk, WIPO Case No. D2001-1501 available at http://www.wipo.int/amc/en/domains/decisions/html/2001/d2001-1501.html, on the point that the Panel interprets the singular as including the plural “where appropriate.”
\textsuperscript{143}WIPO UDRP Model Complaint available at http://www.wipo.int/amc/en/domains/complainant/.
\textsuperscript{144}Rules, Paragraphs 3(b)(ii) and (iii).
\textsuperscript{145}Rules, Paragraph 3(b)(v).
\textsuperscript{146}Rules, Paragraphs 3(b)(vi), (vii).
\textsuperscript{147}Rules, Paragraph 11.
\textsuperscript{148}Rules, Paragraphs 3(a), 3(b)(xv).
\textsuperscript{149}Policy, Paragraphs 4(a), (b), (c); Rules, Paragraph 3.
sought;{150}(vii) the choice between a single-member or a three-member administrative Panel;{151}(viii) whether are pending or there have been other legal Proceedings in connection with or relating to the domain name(s) at issue;{152}(ix) the choice of one mutual jurisdiction;{153}(x) the means by which and date on the complaint and other communications are transmitted to the Respondent and the Registrar;{154}(xi) a certification in which the Complainant agrees that the dispute is submitted to that forum;{155} and (xii) payment. A noticeable change in the policy is the one that binds the Parties in submitting their documents in electronic form only.{157}

Pursuant to Paragraph 4(a) of the UDRP Rules, the dispute resolution service provider who received the complaint must review it in order to determine whether it satisfies the requirements as requested by the UDRP Rules and Supplemental Rules.{158} If the complaint is complete and accurate, the provider forwards the complaint to the Respondent within three calendar days after receipt of the fee paid by the Complainant, employing “reasonable available means” in order to achieve actual notice.{159} Among these means are included the transmission of the complaint via postal-mail to addresses shown in the domain name’s registration database, via e-mail to the e-mail address for the technical, administrative and billing contacts; to any address the Respondent has notified the provider as preferred.{160} If the complaint is incomplete, the provider gives prompt notice of such deficiencies to the Complainant, who has five days to correct

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{150} Rules, Paragraph 3(b)(x).  
{151} Rules, Paragraph 3(b)(iv); Supplemental Rules, Paragraph 8(a).  
{152} Rules, Paragraph 3(b)(xi).  
{153} Rules, Paragraph 3(b)(xiii).  
{154} Rules, Paragraphs 2(b), 3(b)(xii); Supplemental Rules, Paragraphs 3, 4, 12.  
{155} Rules, Paragraph 3(b)(xiv); Supplemental Rules, Paragraph 14.  
{156} Rules, Paragraph 19; Supplemental Rules Paragraph 10, Annex D.  
{157} As of December 14, 2009 it was left to the Parties the choice to file their documents in hard copy or electronic form. As of March 1, 2010, Parties are required to file all pleadings in electronic format only, see http://www.wipo.int/amc/en/domains/rules/eudrp/.  
{158} BETTINGER ET AL., supra note 3, at 954.  
{159} Rules, Paragraph 19.  
{160} Rules, Paragraph 2(a).  
{161} LINDSAY, supra note 4, at 137.
them. In case the Complainant does not comply, the Administrative Proceeding is deemed withdrawn without prejudice to submission of a different complaint by Complainant.

The Proceeding commences once the provider verified the complaint to comply with the UDRP Rules and it notifies the complaint to the Respondent indicated therein. The provider immediately notifies the Parties, the Registrar(s) and ICANN of the date of commencement of the Proceeding.

2.4.1.2. **Respondent and Response**

According to Paragraph 1 of the UDRP Rules, Respondent is the holder of a domain-name registration against which a complaint is initiated. The Respondent shall submit a response to the provider within twenty days of the date of commencement of the Administrative Proceeding. As for the complaint, the Rules do not require a specific format to be followed, but Paragraph 5(b) requires the response to: (i) specifically respond to the statements and allegations contained in the complaint, and include any and all grounds on which the Respondent may retain the registration and use of the domain name at issue; (ii) provide his contacts and the ones of his any representatives (postal and e-mail addresses, telephone and telefax numbers); (iii) specify a preferred method for communications; (iv) if the Complainant has elected a single-member Panel, state whether the Respondents elects to have the dispute decided by a three-member Panel; (v) if both the Parties elects a three-member Panel, provide the names and

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162 Rules, Paragraph 4(b).
163 Rules, Paragraph 4(b).
164 Rules, Paragraph 4(b).
165 Rules, Paragraph 4(c).
166 Rules, Paragraph 4(d).
167 Rules, Paragraph 4(c).
168 Rules, Paragraph 4(d).
169 Rules, Paragraph 5(a).
170 Rules, Paragraph 5(b)(i).
171 Rules, Paragraph 5(b)(ii).
172 Rules, Paragraph 5(b)(iii).
173 Rules, Paragraph 5(b)(iv).
contacts of the three candidates to serve as one of the Panelist. As required to the Complainant, the Respondent has to identify any other legal proceedings that have been commenced or terminated in connection with the disputed domain names.

If the Respondent does not file its response by the deadline communicated by the dispute resolution service provider, the Respondent will be considered in default and the Panel shall decide the dispute based upon the complaint, absent “exceptional circumstances.” As repeatedly held in WIPO’s cases, a Panel should not decide in the Complainant’s favor solely because of the Respondent’s default. The wording “exceptional circumstances” in which the Panel does not proceed to make a decision in Respondent’s default has been interpreted in a restrictive way, demanding legitimate reasons for accepting a late response. In recent cases, such as *Philip Morris USA Inc. v. Arik Casden*, the Panels stressed out how time is extremely important to have an effective system: allowing late-filed response, absent a good reason, would make feel free the Parties to disregard deadlines and Respondents will regularly submit late responses.

### 2.4.2. The Panel

#### 2.4.2.1. Appointment of the Panel

An administrative UDRP Panel can be composed of one or three independent and impartial persons. The persons sitting as Panelists are usually international trademark attorneys, professors or retired judges. If none of the Parties have elected a three-member Panel, the dispute

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171 Rules, Paragraph 5(b)(v).
172 Rules, Paragraph 5(b)(iv).
173 Rules, Paragraph 5(e).
175 LINDSAY, supra note 4, at 141.
177 BETTINGER ET AL., supra note 3, at 956.
178 *Id.* at 957.
resolution service provider appoints, within five calendar days following the receipt of the response by the provider, a single Panelist from the ICANN-approved list of Panelists. It will be for the Complainant to pay the entire fees for the single member Panel. The Complainant will pay the entire fees, also, if he opted for a three-member Panel. However, if the choice for a three-member Panel was made by the Respondent, the fees are shared equally between the Parties.

When opting for a three-member Panel, the Complainant or the Respondent shall submit, at the time of the filing of the complaint (or response), or within five calendar days of communication of the response, a list of three candidates. The provider appoints two Panelists: one from the list of candidates submitted by Complainant, one from the list submitted by the Respondent. The third Panelist is appointed by the provider, taking into account the preferences expressed by the Parties on a list of five candidates submitted by the provider to the Parties. When appointing a Panel, the providers take into account factors such as the nationality of the Parties, the language of the Proceedings, the experience of the Panel, the location, and the possible prior dispute involvement by the Panelists with the Parties.

2.4.2.2. Impartiality of the Panel

The Panel shall be independent of the dispute resolution service provider, the Parties, the Registrar, and ICANN. Paragraph 7 of the Rules requires Panelists to disclose to the provider any circumstances giving rise to “justifiable doubt” as to their impartiality or independence. Such a

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179 Rules, Paragraph 6(b).
180 Rules, Paragraph 6(b).
181 Rules, Paragraph 6(c).
182 Rules, Paragraph 6(c).
183 Rules, Paragraph 6(d).
184 Rules, Paragraph 6(e).
185 Rules, Paragraph 6(e).
186 BETTINGER ET AL., supra note 3, at 957.
187 Id. at 956.
disclosure shall be made before accepting the appointment.\textsuperscript{188} In particular, the Supplemental Rules of the WIPO Arbitration and Mediation Center require Panelists to issue a Declaration of Impartiality and Independence before appointment.\textsuperscript{189} However, if new circumstances arise during the Administrative Proceeding, the Panelist shall promptly disclose them to the provider, which has the discretion to appoint a substitute Panelist.\textsuperscript{190} In \textit{Britannia Building Society v. Britannia Fraud Prevention},\textsuperscript{191} the Panel found that, although the rules do not provide specific examples of circumstances that might give rise to recusal of a Panelist and there are not UDRP decisions addressing this issue, a justifiable doubt as to impartiality or independence may arise when: a) the Panelist has demonstrated personal bias for or against one of the Parties; b) the Panelist possesses a financial interest in the outcome of the dispute; or c) the Panelist represents or has represented one of the Parties or a third-party in a dispute with one of the Parties. The test to apply whether there is evidence that would lead to “a justifiable doubt” as to the Panelist’s impartiality was defined as “that a reasonable, objective person would be justified in doubting the Panelist’s impartiality after consideration of the proffered evidence.”\textsuperscript{192} In a more recent case, \textit{Grupo Costamex, S.A. de C.V. (COSTAMEX), Operación y Supervisión de Hoteles, S.A. de C.V. (OPYSSA) v. Vertical Axis Inc.},\textsuperscript{193} the Panel held that the standard to be followed is the one consistent with arbitration Panels across the world, allowing Panelists, in absence of a robust body of UDRP precedents, to draw upon existing literature to guide their decision. The Panel further recalled and analyzed the case \textit{Two Way NV/SA v. Moniker

\begin{itemize}
\item \textsuperscript{188} Rules, Paragraph 7.
\item \textsuperscript{189} WIPO Supplemental Rules, Section 9, http://www.wipo.int/amc/en/domains/supplemental/eudrp/.
\item \textsuperscript{190} Rules, Paragraph 7.
\item \textsuperscript{192} Id.
\end{itemize}
whose wording suggested that the UDRP system does not expressly allow Parties to challenge the Panelists because it would go against the “unchallenged right to Parties in three-member Panel cases to nominate one Panelist and influence, to some extent, the choice of the third Panelist” (emphasis added). The interpretation of this wording would indicate a system in which, basically, the Party-appointed Panelists could be biased. The Panel in Grupo Costamex took a step away from the determination made in Two Way, referring to Paragraph 10(b) of the Rules, which requires that a Panel “shall ensure that the Parties are treated with equality.” In particular, the Panel held that the UDRP was not set up, as some arbitration systems are, in a way that allows a Party to appoint a Panelist who may be biased or an advocate for the Party; rather, the UDRP expressly requires all three Panelists to be independent and impartial.

Although the WIPO Rules require the Panel to itself decide on an allegation of partiality in informal Proceedings and to confirm whether the Panel was properly constituted, not all the dispute resolution service providers have aligned themselves with this policy. For instance, the Supplemental Rules of the National Arbitration Forum give the responsibility to decide on a Panelist’s partiality to the Forum (the central organ of the NAF) and not to the Panel itself. This last system to challenge Panel’s members appears to be fairer than the WIPO’s, and evokes provisions adopted by many arbitral institutions. As a matter of example, ICDR Article 14 gives the Administrator the power to decide over

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195 Grupo Costamex, supra note 193.
196 NAF Supplemental Rules to ICANN’s Uniform Domain Name Dispute Resolution Policy, Paragraph 10(c) available at http://domains.adrforum.com/users/icann/resources/UDRP%20Supplemental%20Rules%20eff%20July%202010%20(final).pdf.
the challenge of an arbitrator;\textsuperscript{197} similarly, ICC Article 14 provides that such a submission shall be made to the Secretariat and the Court shall decide.\textsuperscript{198}

\subsection{2.4.2.3. Powers of the Panel}

Paragraph 10 of the Rules sets the general powers of the Panel. In particular, Panel has the powers to: conduct the Proceeding in a manner it considers appropriate;\textsuperscript{199} ensure that the Parties are treated equally and that each Party has a fair opportunity to present its case;\textsuperscript{200} ensure that the Proceeding takes place with due expedition;\textsuperscript{201} determine the admissibility, relevance, materiality and weight of the evidence;\textsuperscript{202} and decide to consolidate a multiple domain name disputes when requested by a Party.\textsuperscript{203}

In \textit{The Cartoon Network LP, LLLP v. Mike Morgan}\textsuperscript{204} and subsequent cases,\textsuperscript{205} the Panel held that when there is a genuine unilateral consent by the Respondent, it falls within Paragraph 10 the power of the Panel to proceed to make an immediate order for transfer of the disputed domain name to the Complainant, without consideration of Paragraph 4(a) elements.\textsuperscript{206} In particular, as held in \textit{Indian Oil Corporation Limited v. RareNames, WebReg,}\textsuperscript{207} the Panel has the power to make such a decision in such manner as it deems \textit{appropriate} under the Policy and the Rules, and to

\begin{footnotesize}
\begin{itemize}
\item \textsuperscript{197} ICDR, \textit{International Dispute Resolution Procedures} (Jun. 2014) available at https://www.icdr.org/icdr/ShowProperty?nodeId=/UCM/ADRSTAGE2020868&revision=latestreleased.
\item \textsuperscript{199} Rules, Paragraph 10(a).
\item \textsuperscript{200} Rules, Paragraph 10(b).
\item \textsuperscript{201} Rules, Paragraph 10(c).
\item \textsuperscript{202} Rules, Paragraph 10(d).
\item \textsuperscript{203} Rules, Paragraph 10(e).
\item \textsuperscript{206} In particular, the respondent in the \textit{Cartoon Network} case stated that he did not wish to contest the complaint, he consented to the transfer of the disputed domain names and also requested that no judgement was made as he agreed to the transfer. \textit{The Cartoon Network LP, LLP}, supra note 204.
\end{itemize}
\end{footnotesize}
ensure that the Proceeding takes place with *due expedition* (emphasis added). In *NBTY, Inc. and Vitamin World, Inc. v. Texas International Property Associates – NA NA*,⁴⁰⁸ the Panel held that under Paragraph 10(b), which provides equality and fair opportunity to present the case for each Party, the Panel has the discretion to accept supplemental submission in appropriate cases. Panels also have the power, under Paragraphs 10(c) and (d) of the Rules, to extend time periods and to determine the admissibility, relevance and weight of the evidence filed.⁴⁰⁹

### 2.4.2.3.1. Choice of Law

As previously mentioned above,²¹⁰ pursuant to Paragraph 15(a) of the UDRP Rules, a Panel shall decide the dispute on the basis of the statements and documents submitted by the Parties, and in accordance with the UDRP and UDRP Rules “and *any rules and principles of law that it deems applicable*” (emphasis added). Known as “choice-of-law” provision, unlike the usual choice-of-law provisions required by almost any set of arbitration rules,²¹¹ it does not give the Parties the power to decide and elect the substantive law they want to be applied in the Proceeding. The provision, instead, has been interpreted in a way that gives the Panel the primary power to decide over the applicable substantive law; a power that is instead deemed to be, in many arbitral proceedings, only a residual power to be exercised absent the Parties agreement.²¹² National legal principles are

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²¹⁰ See supra para. 2.3.3.

²¹¹ As a matter of example, ICDR Art. 31(1): “The arbitral tribunal shall apply the substantive law(s) or rules of law agreed by the Parties as applicable to the dispute. Failing such an agreement by the Parties, the tribunal shall apply such law(s) or rules of law as it determines to be appropriate”; ICC Art. 21(1): “The Parties shall be free to agree upon the rules of law to be applied by the arbitral tribunal to the merits of the dispute. In the absence of any such agreement, the arbitral tribunal shall apply the rules of law which it determines to be appropriate.”

²¹² *Id.*
particularly useful for Panel to determine difficult issues, such as whether a Complainant is able to establish rights in an unregistered trademark or service mark under Paragraph 4(a)(i) of the Policy, or whether a Respondent has rights or legitimate interests in a disputed domain name under Paragraph 4(a)(ii) of the Policy.  

Usually, when the Parties are residents or domiciled in the same jurisdiction, the Panel would apply the relevant principles and laws of that jurisdiction. In case the Parties are based in different legal jurisdictions, the Panelists are more reluctant about applying national legal principles. In the former case, however, if the Panel finds the applicable law not to be of assistance in the case, the Panel can find support in decisions of early Panels. In considering them, the Panel can indeed finds itself to make referral to the law and judicial decisions made in other jurisdictions. In other words, a Panel that initially intended to apply the law of the country in which the Parties resides or have domicile, has discretion in considering whether that law is not sufficiently helpful, and if so, it can pick up principles and laws from its previous decisions eventually based on other jurisdictions. In *Arthur Guinness Son & Co. (Dublin) Limited v. Executive Products Ltd.*, the Panel, in recognizing that both Complainant and Respondent were resident in Ireland, declared to be appropriate to apply Irish law. However, in further finding that the Irish Superior Courts did not have ruled on the question of “confusing similarity,” the Panel recalled a previous case, *Wal-Mart Stores, Inc. v. Walsucks and Walsmarket Puerto*...

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213 LINDSAY, supra note 4, at 143.
214 As a matter of example, see Lloyds TSB Bank PLC v. Paul Brittain, WIPO Case No. D2000-0231, “Since both Parties are resident in England it seems appropriate that the laws of England and Wales should be applied to this question”; see also Alfred Berg Holding Aktiebolag v. P D S, Case No. D2008-0566, “Since both Parties are domiciled in Sweden this means that applicable Swedish law and principles would apply as well.”
215 LINDSAY, supra note 4, at 145.
Rico,\textsuperscript{217} in which the applicable law was U.S. law and the test applied was the \textit{Sleekcraft} test drawn by the U.S. Court of Appeals for the Ninth Circuit.\textsuperscript{218} In a case in which the applicable law should have been, at least at the beginning, Irish law, the Panel thus applied U.S. law.

Besides making referral to national laws, Panels have not been hesitating in citing international sources, particularly the UNCITRAL Model Law on International Commercial Arbitration.\textsuperscript{219} In \textit{Grove Broadcasting Co. Ltd v. Telesystems Communications Limited},\textsuperscript{220} the Panel discussed, absent any provision on rehearing applications in the UDRP, the circumstances in which Courts could grant review. In particular, the Panel analyzed the grounds for review provided by Article 34 of the UNCITRAL Model Law. The Panel found that many national legislations adopting the UNCITRAL Model Law included the grounds of fraud or corruption under Article 43(b)(ii) of the Model Law (referring to the setting aside of an “award in conflict with the public policy of the State”); and it further found that those grounds are certainly ground for review in the UDRP. In \textit{Beiersdorf Ag V. Solpro, S.A. De C.V.},\textsuperscript{221} the Panel established to have competence over determining its own competence, in conformity of the “Kompetenz-Kompetenz” principle as it is contained in many arbitration rules of procedure and also in Article 16(1) of the UNICTRAL Model Law.

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\textsuperscript{218} The test was set up in \textit{AMF Inc. v. Sleekcraft Boats}, 599 F.2d 341 (9th Cir. 1979) and recalled in \textit{Brookfield Communications v. West Coast Entertainment}, 174 F.3d 1036, (9th Cir. 1999).
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Panels referred to the UNCITRAL Model Law also as a tool to interpret UDRP provisions. In *Nike, Inc. v. Crystal International*, for instance, the Panel interpreted Paragraph 15(a) of the UDRP Rules as a provision which could be exemplified by Article 18 of the UNCITRAL Model Law, or by the equivalent Article 38(b) of the WIPO Arbitration Rules. Notwithstanding the Panels have been inclined to cite international sources to apply widely recognized principles to the UDRP Proceedings, they have been reluctant in using them to expand the scope of or add provision to the Rules. In *PAA Laboratories GmbH v. Printing Arts America*, the Panel declined to consider a supplemental filing intended to be a “counter statement according to Article 43 of the WIPO Arbitration Rules,” holding that in any event the WIPO Arbitration Rules can apply to UDRP Proceedings. Similarly, in *Pneumo Abex Corporation dba MAFCO Worldwide Corporation v. Wixon Fontarome*, the Panel refuted to accept Respondent’s allegation that the filing date for a Response refers to business days and not calendar days, because the Rules are silent on the point and on the ground that WIPO Arbitration Rules, Article 4(e), provides so.

### 2.4.2.3.2. Language of the Proceeding

A further power of the Panel is the one concerning the choice of the language of the Proceedings. Although Paragraph 11 sets the general rules

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222 Article 16(1) of the Model Law reads: “(1) The arbitral tribunal may rule on its own jurisdiction, including any objections with respect to the existence or validity of the arbitration agreement. (…)”


224 UNCITRAL Model Law, Article 18: “The Parties shall be treated with equality and each Party shall be given a full opportunity of presenting his case.”

225 WIPO Arbitration Rules, Article 37: “(b) In all cases, the Tribunal shall ensure that the Parties are treated with equality and that each Party is given a fair opportunity to present its case.”


that, absent a different agreement by the Parties, the language of the Proceeding shall be the language of the registration agreement, it also recognizes that the Panel has the power to choose a different language taking into account the special circumstances of the case.\textsuperscript{228} In \textit{Sinteplast S.a. v. Pablo Pablo, d/b/a P.S.}\textsuperscript{229} the Panel chose Spanish as the language of the Proceeding taking into account: a) the fact that each of the Parties had at least one branch in Argentina; b) the official language of Argentina is Spanish; c) many evidences presented were written in Spanish; and d) the case required to apply some Argentinian laws. A balancing test was instead applied in \textit{Groupe Industriel Marcel Dassault, Dassault Aviation v. Mr. Minwoo Park};\textsuperscript{230} although the registration agreement was made in the Korean language, the Panel decided that English had to be the language of the Proceeding, given that the Complainant was not able to communicate in Korean and the arbitration Proceeding would have been unduly delayed. In the same case, the Panel also considered the substantial expenses for translation in which the Complainant would have incurred, and, more generally, the level of comfort Parties have with each language.

\textbf{2.4.3. Issuance of Panel Decisions and Implementation}

Absent exceptional circumstances, Paragraph 15(b) of the Rules provides that the Panel shall forward its decision on the complaint to the provider within fourteen days of its appointment. The time for decision can be extended, for instance, when the Complainant is invited to submit supplemental evidence and the Respondent to submit supplemental responses based on the new evidence.\textsuperscript{231} The Panel can make only three

\begin{itemize}
\item \textsuperscript{228}Rules, Paragraph 11(a).
\end{itemize}
kinds of decisions. When the decision is made in favor of the Complainant the Panel can: (a) order that the domain name at issue be transferred to the Complainant; or (b) order that the domain name at issue be cancelled. When the decision is, instead, made in favor of the Registrant, (c) the Panel denies the remedy and the domain name registration remains unchanged. The Panel does not have the power to make monetary awards, including those for lawyers’ fees.

The decision has to be made in writing and has to provide the reasons on which it is based, the date on which it was rendered and the name(s) of the Panelist(s). Decisions by a three-member Panel are made by a majority of votes, and any eventually dissenting opinion shall accompany the majority decision. The Parties, the Registrar(s), and ICANN are given communication of the full text of the decision by the provider within three calendar days after the decision was rendered. The provider shall publish the full text of the decision and the date of its implementation on its website. However, in case of identity theft, the Panel maintains the power to redact the Parties’ names from the published decisions. For instance, in Moncler S.r.l. v. Name Redacted, the Panel decided to redact the name of the Respondent because the domain name at issue was registered by a third-party without the involvement of the individual identified as the Registrant of the domain name.

The implementation of the UDRP decision is reserved to the Registrar, which will implement the Panel decision within 10 business days after receiving notification of the decision from the dispute resolution

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232 BETTINGER ET AL., supra note 3, at 982.
233 Id.
234 Id.
235 Id.
236 Rules, Paragraph 15(d).
237 Rules, Paragraph 15(c).
238 Rules, Paragraph 15(e).
239 Rules, Paragraph 16(a).
240 Rules, Paragraph 16(b).
service provider. However, in case, within the same timeframe, the Respondent commences a lawsuit against the Complainant in the proper jurisdiction, the implementation of the decision is stayed until the Registrar receives: (i) satisfactory evidence of a resolution between the Parties; (ii) satisfactory evidence that the lawsuit has been dismissed or withdrawn; or (iii) a copy of an order from the Court dismissing the lawsuit or ordering that the Registrant has no right to continue to use the domain name.

### 2.4.4. Relationship between the UDRP and Court Proceedings

Many differences can be drawn between classical arbitration and UDRP Proceedings, in respect to their relationship with national Court Proceedings. Usually, when an arbitration proceeding is commenced upon a valid arbitration agreement, a Court who is subsequently called to determine the same dispute will stay the proceeding before it in favor of the continuity of the pending arbitration proceeding. Moreover, in favoring the arbitration as a mean to solve their controversies, Parties often waive their right to file, before a national Court, complaints on matter falling within the scope of their arbitration agreement. The UDRP, on the contrary, was not designed to limit the jurisdiction of the ordinary Courts. The Parties are in fact free to file the same complaint simultaneously to the UDRP dispute service provider and in the ordinary Court, and the filing in one or the other does not imply the stay of the other.

Pursuant to Paragraph 18(a) of the Rules, Panels are given discretion to determine, when a legal proceeding is being brought into Court prior or during a UDRP Proceeding, whether it is appropriate to suspend or

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242 Policy, 4(k).
243 Paragraph 1 of the Rules makes clear that a court has jurisdiction depending on (a) where the principal office of the Registrar is; or (b) the domain name Registrant’s address as shown on the Registrar’s database.
244 Policy, 4(k).
245 BETTINGER ET AL., supra note 3, at 982.
246 Id. at 983.
terminate the Proceeding before the Panel, or to proceed to a decision. In *Aussie Car Loans Pty Ltd v. Wilson Accountants Pty Ltd, (formerly Wilson and Wilson Accountants)*, the Panel held the termination of the Proceeding to be appropriate, noticing that the Complainant had brought a legal proceeding in the Federal Court of Australia to claim the ownership of the same trademark at issue before the Panel. The Panel reached this conclusion for two main reasons: it recognized that while the Panel is confined to a consideration of written material and cannot hear witnesses, a Court is, in this case, in a much better position to determine the issue. Moreover, it considered not appropriate to opt for a suspension instead of termination, because UDRP proceedings are intended to be expedited, and suspending the Proceeding for an indeterminate period of time (the one that the ordinary Court will require in order to decide the dispute) would cause an undesirable delay. A different reasoning led the Panel, in *Tiara Hotels & Resorts LLC v. John Pepin*, to issue a decision despite that the Complainant had filed a lawsuit in a German Court. First, it was considered that even if the Panel did issue a decision, it would not have any binding effect on the German Court; and rather the Court could find the Panel’s views helpful in reaching its conclusion. Second, to ensure that the Parties will have a decision to implement, Paragraph 4(k) of the Policy allows the implementation of a Panel’s decision even after a complaint is filed in Court, with particular regards to cases in which the Court proceeding is later dismissed. Third, the Panel found that its decision may facilitate the settlement: through the decision Parties are given a “neutral evaluation” that can discourage them from pursuing the proceeding in the ordinary Court. Finally, the Panel considered that it would be inequitable to suspend the deliberation and terminate the Proceeding, as both the Parties actively

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participated in the UDRP process, and the Respondent brought the suit in Court only after the Panel was appointed.

Among the Courts of the United States, it is widely recognized that UDRP decisions have no binding effect on them. Particularly relevant are the opposing decisions reached by the WIPO Panel and by the U.S. Court of Appeals for the Fourth Circuit on the domain name barcelonan.com. The UDRP Panel held that, as the Complainant (the Excelentísimo Ayuntamiento de Barcelona) had established the three requirements under Paragraph 4(a) of the Policy, it was entitled to the domain name barcelonan.com unlawfully registered by a U.S. company (Barcelona.com, Inc.). The company subsequently filed an action in the U.S. Court of Appeals for the Fourth Circuit, which held that the registration and use of that domain name was not unlawful. In particular, the Court of Appeals held that a Panel under the UDRP is “no more than an agreed-upon administration that is not given any deference under the ACPA” (Anticybersquatting Consumer Protection Act), and such a process was not designed “to interfere with or modify any “independent resolution” by a Court of competent jurisdiction.” Given the possibility that UDRP decisions are based on principles foreign or hostile to U.S. law, the Court of Appeals further reasoned that “ACPA authorizes reversing a UDRP decision if such a result is called for by application of the Lanham Act.” Similarly, in Parker Waichman Alonso LLP v. Orlando Firm, P.C., the District Court for the Southern District of New York, citing Storey v. Cello Holdings, L.L.C., 347 F.3d 370, 380 (2d Cir.2003), held that Paragraph 4(k) of the Policy, which allows an independent resolution in “a Court of

249 BETTINGER ET AL., supra note 3, at 984.
252 Id. at 626.
253 Id. at 625.
254 Id. at 626.
“competent jurisdiction,” has to be interpreted in its plain meaning, thus giving any Court that has jurisdiction the power to hear the claim brought before it.\textsuperscript{255} Therefore, Parties are not barred from bringing a suit before a Court because of a previous UDRP Proceeding.\textsuperscript{256}

2.5. Open Issues on the UDRP

At least three issues on the functioning of the UDRP have to be addressed. First of all, the absence of provisions which would allow the Parties to challenge the Panelists appears to be a structural problem present in both the Policy and the Rules. Notwithstanding the Supplemental Rules adopted by the UDRP dispute resolution service providers have, sometimes, included various kind of mechanisms to call into question the impartiality of the members of the Panel, the result has been extremely heterogeneous.\textsuperscript{257} Moreover, the system does not mention any possible recourse for the Parties in the ordinary Court regarding the sole issue of bias, without giving to the Court the greater authority to decide the dispute entirely. For these reasons, it would be auspicious a modification of the Policy and Rules, or, in alternative, ICANN should require the UDRP dispute service providers an effort to reach a uniformity on the point. For example, among the requirements to be satisfied in order to be recognized as an authorized dispute service provider, ICANN should include a provision requiring the providers to adopt a mechanism for the challenge of the Panelists, qualifying a third party, within or outside of the dispute service provider, to decide on this matter.

Secondly, and most importantly, an appropriate concern arises in considering the choice-of-law provision of Paragraph 15(a) and its

\textsuperscript{256} Id.
\textsuperscript{257} On the one hand, some dispute resolution service providers, such as WIPO, have opted for a strict system of Kompetenz-Kompetenz, which gives power to decide over their possible partiality to the Panelist themselves. On the other hand, providers such as NAF, decided to reserve the power to decide on the matter to an authority that is part of the NAF but separate from the Panels.
application. The discrentional practice to apply or make reference to national laws is carried at the expense of uniformity, which constituted the primary and the ultimate reason for which a Uniform Dispute Resolution Policy was adopted. On this line of thinking, in more recent cases, Panels appeared not to be blind to the issue. In 1066 Housing Association Ltd. v. Mr D. Morgan, the Panel affirmed that Paragraph 15(a) does not make any referral to national laws. It instead refers to the concept of “rules and principles of law,” a more abstract notion which has to be interpreted as a referral to the general principles of law, common to many legal systems and which can be also found in the Statute of the International Court of Justice. This can be interpreted as an effort made by WIPO to reach a sort of “internationalization” of the substantive law applicable to the domain name disputes. The Panel further suggested that Paragraph 15(a) provides no more than a “scant basis” upon which to import principles of local laws in disputes where both Parties are in the same state. Relying on 1066 Housing Association Ltd., the Panel in Anastasia International Inc. v. Domains by Proxy Inc./rumen kadiev held that only for certain limited issues, such as the validity of a registered trademark, a Panel can deem appropriate to consider local law. Moreover, the practice of bringing local law into UDRP Proceedings in an indiscriminate way has been producing heterogeneous results as for the question of both rights and legitimate interests. It seems impossible not to agree with these WIPO decisions on the point that this practice risks to fragment the UDRP into a series of

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259 Although it appears unclear from the decision, it may be inferred that the panel is making referral to the Statute of the Court of Justice Art. 38(1)(c) which indicates the “general principles of law recognized by civilized nations”.
260 1066 Housing Association Ltd., supra note 258.
262 Id.
different systems, where the outcome of each case would be determined based on where the Parties resides.263

At least two suggestions appear to be appropriate in the case. The more practical among the two would suggest that ICANN should add, to the clause of acceptance of mandatory UDRP Proceeding, a “real” choice-of-law clause which would designate, absent a manifestation of the Registrar that expresses otherwise, the law applicable to the Proceeding as the law of the place where the domain name is registered. This solution would make the Panels “locked” in applying the designated law, and it would prevent the application of foreign principles and laws to Parties who do not have any connection with that foreign country. A second more desirable solution, would suggest that ICANN should draft, together with WIPO, a specific set of international substantial rules that would constitute the basis for all Panels’ decisions. In this case, nothing would prohibit the drafters from taking into account the trademark principles most widely recognized among the countries.

Finally, a third point of criticism is the one concerning the non-exclusivity and non-binding nature of UDRP decisions. As discussed above, nothing in the UDRP Policy and Rules prohibits the Parties to file a suit in the ordinary Court before, during, or after the UDRP Proceeding. In light of the system non-exclusivity, the claimed mandatory nature is solely apparent. Moreover, UDRP decisions do not bind the Courts, which are free to overturn them. In doing so, ordinary Courts can even totally disregard the content of the Panel’s decisions and go back to the drawing board. A proposal advising ICANN to modify the Policy and the Rules, in order to make the UDRP an exclusive track for the Parties disputing a gTLD domain name, seems appropriate. On the same line, ICANN should consider giving the UDRP Panels a binding nature. Moreover, provisions should enhanced to allow Parties to recur in ordinary Courts for specific concerns, such as Panelist impartiality or to seek vacatur of the decision.

263 Id.
2.6. Conclusive Remarks

Notwithstanding the aforementioned issues, it remains unquestionable that the UDRP has been, since its origins, an extremely useful system to deal with domain names. The claims for lack of legitimacy that often arises when ICANN is the main player, seem extremely reduced in the case of the UDRP, which has been representing over time an extremely balanced solution. First of all, the creation of the system itself involved not only ICANN but also the international organization that more closely deals with intellectual property, the WIPO. Secondly, being the WIPO Arbitration and Mediation Center the biggest administrator of disputes on domain names, it contributed to the creation of a caselaw on \textit{sui generis} IP rights. From a structural point of view, WIPO’s decisions contributed to shape the contours of the UDRP Rules and to adapt them over time, avoiding the necessity of reforms. Although the UDRP Rules do not provide Panels’ decisions to have a precedential, there is an increasing trend followed by Panels to afford weight to previous decisions, which ultimately built up a case law on domain names disputes.\(^\text{264}\) Moreover, Panels played a key role in the application of substantive law to domain name disputes, drawing the principles from national trademark laws but always looking at international sources.

As a final remark, it has to be stressed that although the ICANN was and still remain a key actor in the administration of gTLDs, the WIPO and other dispute resolution providers do not suffer from its ingerence in deciding legal matters relating to domain names.

Chapter 3

Digital Copyright in the European Union:
Origins and Recent Developments
3.1. The Evolution of Digital Copyright Law in the European Union

The technical evolution of digital technologies from the mid-1990s was accompanied by a debate on the dimensions of new legal issues connected to such evolution, including the protection of copyright.¹ In the European Union arena, the first document dealing with the issues of the digital revolution and the “information society” was the White Paper on Growth, Competitiveness and Employment of 1993.² In approving the White Paper,³ the European Council called for a report containing concrete recommendations regarding the problems in the information society. Such measures were addressed in the “Bagemann report” of 1994,⁴ which testifies the awareness of the challenges that intellectual property protection encounters when dealing with globalization and multimedia.⁵ This report was followed by the Green Paper on the Information Society of 1995, which addressed many topics then covered in the Information Society directive of 2001 and other EU Directives.⁶ Only one month after the publication of the follow-up to the Green Paper,⁷ the WIPO Diplomatic Conference, which resulted in the WIPO Copyright Treaties, took place in Geneva.⁸ Not surprisingly, the Initial Proposal to the InfoSoc Directive was directly following the considerations contained in the Green Paper and its follow-up,

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³ The White Paper was approved by the European Council on 11 December 1993.
⁴ Named after the Commissioner Bagemann, who chaired the group.
⁵ *Id.* at 17.
⁶ The paper dealt with particular legal issues such as the applicable law in the digital environment, the exhaustion of the distribution right, the reproduction right and its exceptions, the communication to the public, digital broadcasting, and technical identification and protection systems. Von Lewinski & Walter, *supra* note 1, at 939-44.
⁷ In the Follow-up to the Green Paper on the Information Society of 1996 the Commission addressed a plan of action to be taken to reach a harmonization among Member States, with particular attention to four problems: reproduction, distribution, and communication to the public rights, and legal protection of technical identification and protection systems. *Id.* at 942.
⁸ *See supra* Chapter 1 para. 1.1.2.
and its provisions closely corresponded to the most important provisions of the WIPO Treaties.9

3.2. The Implementation of the WIPO Copyright Treaty: the InfoSoc Directive

The implementation of the WIPO Copyright Treaty posed different levels of discretion to the regional and national lawmakers.10 A high level of discretion11 was left for the protection of technological measures12 and the provisions governing limitations and exceptions,13 a medium level of discretion14 was left for the definitions of certain rights (the rights of making available to the public,15 of communication to the public,16 the distribution and rental rights17); a low level of discretion18 was instead provided for the right of reproduction,19 the minimum terms of protection,20 and the obligations concerning rights-management information.21

The implementation of the WIPO Copyright Treaty was carried out in the European Union through a series of Directives, among which the “mother of all battles”22 was certainly the Information Society Directive23 (hereinafter “InfoSoc Directive”). The InfoSoc Directive is, in fact, the only

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9 Von Lewinski & Walter, supra note 1, at 944-45.
11 When an international obligation is determined only in general terms. Id.
12 See supra Chapter 1, para. 1.7.1.
13 See supra Chapter 1, para. 1.6.
14 When the WIPO Copyright Treaty sets up a framework in which the legislator can fill in with a considerable amount of discretion. Linder, supra note 10.
15 See supra Chapter 1, para. 1.5.4.3.
16 See supra Chapter 1, para. 1.5.4.2.
17 See supra Chapter 1, para. 1.5.2 and 1.5.3.
18 When not much room for manoeuvre has been left. Linder, supra note 10.
19 See supra Chapter 1, para. 1.5.1.
20 See supra Chapter 1, para. 1.3.3.3.
21 See supra Chapter 1, para. 1.7.2.
EU Directive that harmonizes copyright and related rights issues in a horizontal manner.\textsuperscript{24} The InfoSoc Directive not only aimed to implement the WIPO Copyright Treaty, but also to avoid the development in Member States of different legislative approaches to technological developments.\textsuperscript{25} Its troubled legislative history, which dates back to 1997, was mainly due to an “unprecedented lobbying onslaught” on the European Parliament.\textsuperscript{26} On the one hand, right holders looked at the Directive as a vital tool to protect digital copyright; on the other, a variegated group composed by ISPs, tech companies, consumers, and libraries, as well as anti-copyright organizations, opposed the adoption of various provision or pushed for broader and additional exceptions.\textsuperscript{27} The Directive was finally adopted on May 22, 2001, and entered into force one month later, date that signaled the beginning of the 18-month period for its implementation into the national laws of the Member States.\textsuperscript{28}

\subsection*{3.2.1. Scope}

Article 1 of the InfoSoc Directive makes it clear that the Directive concerns the legal protection of copyright and related rights in the framework of the internal market, with particular regards to their protection on the Internet.\textsuperscript{29} The Directive is based on “principles and rules already laid down” by the in-force EU legislation, and thus the InfoSoc Directive develops and places these principles in the context of the information society.\textsuperscript{30} The relationship between the InfoSoc Directive and other EU

\begin{itemize}
\item \textsuperscript{24} Another Directive with such a horizontal impact is the Enforcement Directive, which is however targeted on the enforcement and thus of a much narrower scope. Christophe Geiger et al., \textit{The Information Society Directive, in EU COPYRIGHT LAW - A COMMENTARY} 395, 397 (Irini Stamatoudi & Paul Torremans eds., 2014).
\item \textsuperscript{27} Shapiro, \textit{supra} note 22, at 30.
\item \textsuperscript{28} \textit{Id.} at 29.
\item \textsuperscript{29} InfoSoc Directive Article 1 uses the words “Information Society.”
\item \textsuperscript{30} Infosoc Directive, Recital no. 20.
\end{itemize}
Directives is governed by the rule of *lex specialis.*\(^{31}\) This means that the InfoSoc Directive does not impair the applicability of the provisions contained other EU Directives specifically dealing with certain matters, such as the Database Directive, the Computer Program Directive, the Satellite and Cable Directive, and the Rental and Lending Rights Directive.\(^{32}\)

### 3.2.2. Rights

The InfoSoc Directive transposes and specifies the rights contained in the WCT Treaty, namely the reproduction right, the right of communication to the public, the right of making available to the public, and the distribution right. Recent law from the Court of Justice suggests that the exclusive nature of such rights, as provided for in the InfoSoc Directive, cannot be altered by Member States.\(^{33}\) In the *Luksan* case,\(^{34}\) the Court of Justice found that an Austrian law granting the exploitation rights exclusively to the film producer and not also to the principal director was against EU law.\(^{35}\) In particular, the Court found that such law was depriving the principal director of a cinematographic work of “lawfully acquired intellectual property rights.”\(^{36}\) Although the Austrian law was not in conflict with Article 14bis of the Berne Convention,\(^{37}\) which left Contracting Parties in principle free to determine whether to grant rights to the principal director or not, the Court found that once the European Legislature provided that the principal director is to be considered the work’s author or one of its authors,

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\(^{31}\) The rule of speciality is however applied in a flexible manner, given that previous Directives are not completely immune from subtle interpretations taking into account the InfoSoc Directive. Von Lewinski & Walter, *supra* note 1, at 953.  
\(^{32}\) The principle of *lex specialis* also applies to the exceptions and limitations. *Id.* at 960.  
\(^{33}\) Rosati, *supra* note 25, at 589.  
\(^{34}\) *Martin Luksan v Petrus van der Let.,* Case C-277/10, CJEU Judgment (Third Chamber), Feb. 9, 2012.  
\(^{35}\) *Id.* ¶ 67.  
\(^{36}\) *Id.* ¶ 70.  
\(^{37}\) *Berne Convention,* Article 14bis(3) provides that “*Unless the national legislation provides to the contrary,* the provisions . . . shall not be applicable to authors of scenarios, dialogues and musical works created for the making of the cinematographic work, nor to the principal director thereof” (emphasis added).
Member States “can no longer rely on the power granted by Article 14bis of the Berne Convention.”

3.2.2.1. Reproduction Right

The exclusive right of reproduction is uncontroversial and common to all copyright systems. The reproduction right, already present in Article 9 of the Berne Convention and repealed by the WCT, is extended by Article 2 of the InfoSoc Directive to four types of related rights holders: (a) all authors of works; (b) performers; (c) phonograms producers; (d) film produces; and (e) broadcasting organizations. The provision applies horizontally in favor of all categories of works.

In particular, Member States shall grant to these subjects the right to authorize or prohibit “direct or indirect, temporary or permanent reproduction by any means and in any form, in whole or in part.” As for the “direct or indirect” coverage, indirect reproductions are usually those where another medium is involved in the reproduction process. With such wording the Directive implicitly states that for certain works, and particularly phonograms, the fixation of a work communicated to the public is to be considered a reproduction. The right of reproduction is broad and it is determined technically rather than functionally, covering both “permanent” and “temporary” copies, with the exception of transient or incidental copies exempted by Article 5(1) of the InfoSoc Directive. This clarification is particularly important with regard to storage in the Read Only Memory (RAM) of a computer or in case of the transmission in a

38 Martin Luksan, supra note 38, ¶ 64.
39 Von Lewinski & Walter, supra note 1, at 964.
40 See Chapter 1, supra para. 1.5.1.
41 InfoSoc Directive, Article 2.
42 Von Lewinski & Walter, supra note 1, at 964.
43 InfoSoc Directive, Article 2
44 Geiger et al., supra note 24, at 402.
45 Von Lewinski & Walter, supra note 1, at 967-68.
46 Bernt Hugenholtz et al., The Recasting of Copyright & Related Rights for the Knowledge Economy, Report Commissioned by the European Commission 47 (2006).
network. Since in these cases the storage is not permanent and automatically deleted when the working session is completed, such storage is considered temporary.

The reproduction covered is a reproduction made “by any means and in any form,” thus covering both reproduction in analogue as well as in digital form, and “in whole or in part.” The unquestionably broad scope of Article 2 has been upheld by the European Court of Justice in *Infopaq I*, where the Court found that the storing and printing of 11 words of a protected work constitutes a partial reproduction under Article 2, if the national court determines that what is reproduced is the expression of intellectual creation of the author. The Court further found that such data capture process is not transient in nature within the meaning of Article 5(1) and is thus not allowed without the consent of the rights holder.

### 3.2.2.2. Right of Communication to the Public

While with regards to the right of reproduction it mainly follows the *acquis communitaire*, the Directive is more eloquent with regards to the right of communication to the public and the right of making available to the public. Article 3 Paragraph 1, in implementing the first part of Article 8 WCT, requires Member States to provide authors with the “exclusive right to authorize or prohibit any communication to the public of their works.” Likewise the reproduction right, also the right of communication to the public should be construed broadly. It covers cases when the communication to the public is made both by wire and by wireless means,

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47 Von Lewinski & Walter, *supra* note 1, at 967-68.
48 *Id.*
49 *Id.* at 969.
51 *Id.* ¶ 48.
52 *Id.* ¶ 70.
53 Rosati, *supra* note 24, at 588.
54 See *supra* Chapter 1 para. 1.5.4.2.
55 InfoSoc Directive, Article 3(1).
56 Geiger et al., *supra* note 24, at 408.
including broadcasting, as long as the public is not present at the place where the transmission originates. The InfoSoc Directive adopts the broad concept of Article 8 WCT when covering all traditional forms of communication to the public characterized by a distance element. Consistently with Article 8 of the Rental and Lending Rights Directive, the broad meaning does not extend however to related rights. In *SGAE v Rafael Hoteles SA*, the Court of Justice held that merely providing physical facilities does not constitute communication to the public. However, distributing a television signal to hotel customers is a communication to the public and the hotel rooms’ private nature does not change the analysis. In the recent controversial *Svensson v Retriever Sverige AB* case, the Court of Justice held that the provision on a website of clickable links to works freely available on another website does not constitute an act of communication to the public under Article 3(1). Moreover, the Court added that Article 3(1) of the InfoSoc Directive “must be interpreted as precluding a Member State from giving wider protection to copyright holders by laying down that the concept of communication to the public

57 TV and radio broadcasting, internet TV and radio, simulcasting, webcasting, streaming, on-demand, pay-per-view, podcasting and cable and online transmission in general. *Id.* at 409.
59 Von Lewinski & Walter, *supra* note 1, at 980.
62 In making this determination, the Court of Justice recalled the joint declaration concerning Article 8 WCT. *Id.* ¶10.
63 *Id.* ¶46.
64 In both the InfoSoc Directive and the WIPO Copyright Treaty “the right of communication to the public covers the making available to the public of works in such a way that they may access them from a place and at a time individually chosen by them.” *Id.* ¶ 50-54. The reasoning of the Court of Justice configured the same result reached by the Supreme Court in *Am. Broad. Companies, Inc. v. Aereo, Inc.*, 134 S. Ct. 2498 (2014).
65 *Svensson v Retriever Sverige AB*, Case C-466/12, CJEU Judgment (Fourth Chamber), Feb. 13, 2014.
66 *Id.* ¶ 32.
public includes a wider range of activities than those referred to in that provision.”

3.2.2.3. Right of Making Available to the Public

The second part of Article 8 WCT is implemented by Article 3 Paragraph 2 of the InfoSoc Directive, which grants performers, producers, and broadcasting organizations an exclusive right of making available to the public of works “in such a way that members of the public may access them from a place and at a time individually chosen by them.” Such right is granted to the owners of all four European related rights. The making available right is technologically neutral and applies irrespective of the means to which the upload to the network or the access is carried out. Accordingly, it includes “interactive on-demand transmissions.”

Unlike the right of communication to the public, and specifically the broadcasting right, the right of making available to the public does not require that transmission and use are simultaneous, that the public is gathered in a particular place, or that the program available has to be a pre-determined continuous program. Thus, simulcasting and webcasting, which are simultaneously communicated over the Internet, are to be considered broadcasting rather than making available to the public. The legal consequences are important: in case of making available to the public, authors and owners of related rights enjoy an exclusive right, whereas in case of broadcasting performers and producers have only a claim to an equitable remuneration. The crucial elements are the act of providing the work to the public and the possibility for members of the public to access

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67 Id. ¶ 41.
68 InfoSoc Directive, Article 3(2).
70 Id. at 983.
72 Geiger et al., supra note 24, at 411.
73 Von Lewinski & Walter, supra note 1, at 984.
74 Pursuant to Article 8(2) of the Rental and Lending Rights Directive. Id. at 985.
the work when they choose. If one cannot chose when and where to retrieve a work, the right of communication to the public will apply.\textsuperscript{75} It remains instead irrelevant the technological means to access the work and whether the work is made available for viewing, listening or downloading.\textsuperscript{76}

\subsection*{3.2.2.4. Distribution Right}

Article 4(1) of the InfoSoc Directive, implementing Article 6 WCT,\textsuperscript{77} requires Member States to provide for authors the exclusive right to authorize or prohibit “any form of distribution to the public by sale or otherwise.”\textsuperscript{78} The distribution is construed more broadly than Article 6(1) WCT, which explicitly requires alienation activities, and thus could potentially encompass rental and lending activities as well.\textsuperscript{79}

In line with the Agreed Statements concerning Articles 6 and 7 WCT, the right extends to any type of work, in respect of the original or copies of it, as long as they are “fixed copies that can be put in circulation as tangible objects.” This view is upheld by Recital 28, which makes it clear that the distribution right deals with the dissemination of works in a “tangible form,” in contrast with the communication right, which deals with the dissemination of works in “non-tangible form.”\textsuperscript{80} However the Court of Justice recognized the obsolescence of such distinction in the digital era, interpreting the term “copy” in a broader manner. In particular, in \textit{UsedSoft GmbH v. Oracle International},\textsuperscript{81} the Court of Justice held that the distribution right includes the right to distribute digital software (and thus “non-tangible”) works over the Internet. Although one could argue that such interpretation is only applicable to software under the Computer Program Directive, which

\begin{flushright}
\textsuperscript{75} Geiger et al., \textit{supra} note 24, at 413. \\
\textsuperscript{76} Id. at 412. \\
\textsuperscript{77} See \textit{supra} Chapter 1 para. 1.5.2. \\
\textsuperscript{78} InfoSoc Directive, Article 4(1). \\
\textsuperscript{79} However, the rental and lending right follows the special Directive dedicated to them. Von Lewinski & Walter, \textit{supra} note 1, at 993-94. \\
\textsuperscript{80} InfoSoc Directive, Recital 23. \\
\end{flushright}
constitute a *lex specialis* in relation to the InfoSoc Directive, the Court of Justice recognized that the concepts in both directives “must in principle have the same meaning.” Therefore, it appears irrelevant whether the original and/or copy are in hard or digital form; rather it remains relevant whether a transfer of ownership has taken place or not.

3.3. The Exhaustion of Rights Doctrine

Under the exhaustion of rights doctrine, once the right holder has initially exploited his rights by obtaining some form of economic reward as to a specific copy, his economic monopoly on the work ends (it has been “exhausted”). In particular, once the transfer of the work has taken place, the right holder cannot prevent third parties from reselling or further transferring ownership to that copy within the EU. The first relevant case on this doctrine is *Deutsche Grammophon GmbH v. Metro*, in which the Court held that once the owner of a German music copyright sold records through its French subsidiary in Alsace, it could not take advantage of TFEU Article 36 to bar the re-import and resale of such records in Germany. The exhaustion of rights doctrine only applies to the distribution right. The reading in conjunction of Article 3(3) with Recital 29, in fact, provides that the right of communication to the public and making available

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82 Geiger et al., *supra* note 24, at 495.
83 *UsedSoft GmbH v Oracle International Corp.*, *supra* note 81, ¶ 60.
84 Whether a sale has taken place it is an issue to be decided by contracts law. Geiger et al., *supra* note 24, at 426.
85 Bermann et al., *CASES AND MATERIALS ON EUROPEAN UNION LAW* 774 (3rd ed., 2010).
86 If it is sold outside the EU, the distribution right in the EU is not exhausted. Whether a sale has taken place it is an issue to be decided by contracts law. Geiger et al., *supra* note 24, at 427. Member States are also barred from applying international exhaustion. *Silhouette International Schmied GmbH & Co. KG v Hartlauer Handelsgesellschaft mbH*, Case C-355/96, CJEU Judgment, Jul. 16, 1998, ¶ 27 (“A situation in which some Member States could provide for international exhaustion while others provided for Community exhaustion only would inevitably give rise to barriers to the free movement of goods and the freedom to provide services”). A similar decision was made by the European Free Trade Association in *L’Oréal Norge AS v Per Aarskog AS and Others*, Case E-9/07 (1997).
88 Although TFEU Article 36 allows an exception to the free movement of goods based on industrial and commercial property, such an exception cannot be allowed to partition the market. *Id.*
to the public are not subject to the exhaustion doctrine because “every on-
line service is in fact an act which should be subject to authorization . . .”\textsuperscript{89}

In order to have exhaustion, the first sale of the work has to be made by the right holder himself or with his consent (for instance, by his licensees and distributors).\textsuperscript{90} The right holder consent may be explicit or implied in fact.\textsuperscript{91} The fact that a transfer or ownership is always necessary for the exhaustion of rights is in line with the WIPO Internet Treaties.\textsuperscript{92}

The doctrine of exhaustion of rights is equivalent to the U.S. “first sale doctrine.” However, especially with regards to digital copies, a radical difference between the two systems has to be drawn. In \textit{UsedSoft v Oracle}, the Court of Justice held that Oracle’s software license constituted a transfer of ownership,\textsuperscript{93} and thus the downloading of the software from Oracle’s website by the licensee exhausted Oracle’s right of distribution in relation to that copy bought by the licensee.\textsuperscript{94} Therefore, the Court of Justice found that the licensee, in reselling his license, did not infringe Oracle’s copyright in the software and Oracle’s could not prevent the resale of that copy of the software.\textsuperscript{95} With this decision, the Court of Justice thus found that a trading of second-hand software licenses could be lawful.\textsuperscript{96} An opposite result was

\textsuperscript{89} Shapiro, \textit{ supra} note 22, at 34.
\textsuperscript{90} Geiger et al., \textit{ supra} note 24, at 429.
\textsuperscript{91} Von Lewinski & Walter, \textit{ supra} note 1, at 999.
\textsuperscript{92} “Since Article 4(1) of Directive 2001/29 provides, in such a context, for “distribution by sale or otherwise,” that concept should be interpreted in accordance with those Treaties [the WIPO Internet Treaties] as a form of distribution which entails a transfer of ownership.” \textit{Peek & Cloppenburg KG v Cassina SpA}, Case C-456/06, CJEU Judgment (Fourth Chamber), Apr. 17, 2008, ¶ 33.
\textsuperscript{93} \textit{UsedSoft GmbH v Oracle International Corp.}, \textit{ supra} note 81, ¶ 45.
\textsuperscript{94} \textit{Id.}, ¶ 77.
\textsuperscript{95} The Court recognized that in order not to infringe Oracle’s copyright, the reseller (licensee) must ensure that his own copy is unusable at the time of resale (otherwise, the seller could sell a copy of the software and, at the same time, keep one copy for himself). \textit{Id.} at 70.
\textsuperscript{96} The judgment of the Court of Justice was criticized on a number of grounds: (i) the test to find that the license amounted to a contract was said to be “simplistic” and “should not represent EU law”; (ii) a proper analysis of the process of downloading would have make it clear that it involves the user’s computer making a “new copy” and all the subsequent re-sales amount to the making of “new copies” (and not the transfer of \textit{that specific original copy}); (iii) according to Article 4(1) of the InfoSoc Directive, the communication right cannot be exhausted by any prior act of communication of the work in question. Ken Moon, \textit{Resale of digital content: UsedSoft v ReDigi}, 6 Ent. L.R. 193, 193 (2013).
reached by the U.S. District Court for the Southern District of New York in *Capitol Records, LLC v. ReDigi Inc.* At issue was the cloud system created by ReDigi which allowed users to re-sell the “used” digital music files they lawfully purchased. The NY District Court held that although the file sold was canceled from the seller’s devices by the ReDigi system once it was transferred to another buyer, the process nonetheless included the copy of the file and the creation of a new file and thus it amounted to reproduction and constituted copyright infringement. The Court found that the first-sale defense “is limited to material items” and thus there is no exhaustion of rights with the sale of a digital copy. In conclusion, while the NY District Court decision appears disappointing in light of the technological era, the Court of Justice decision is pragmatic and forward-looking.

### 3.4. Exceptions and Limitations under the InfoSoc Directive

Article 5 of the InfoSoc Directive provides a list of exceptions and limitations to the copyright owner’s rights. While the U.S. “fair use doctrine” is considered a generally worded exception, Article 5 instead...
provides for an exhaustive list of exceptions.\textsuperscript{103} The more rigid approach taken by the InfoSoc Directive impairs, differently from the U.S. Copyright Act, the ability of courts to adjust exceptions effectively to innovative developments.\textsuperscript{104} Some authors believe that while replacing the European system of exceptions with the US fair use system would not be a good idea, certain factors from the fair use doctrine could be taken into account in order to address the specific importance of certain concepts.\textsuperscript{105} Some flexibility is however contained in the so-called “grandfather clause,” which allows Member States to keep exceptions or limitations which already exists under national law, as long as they concern “analogue uses” and “do not affect the free circulation of goods and services.”\textsuperscript{106} All the exceptions and limitations listed in Article 5 are optional (“Member States may . . .”), except the one in Article 5(1). The mandatory limitation for transient copies (which “shall be exempted”) exempts “temporary act of reproductions” which are: (i) necessary to enable the process of browsing, caching, and the transmission systems to function efficiently, provided that the intermediary does not modify or interfere with the technology,\textsuperscript{107} or are (ii) a lawful use, and which have no independent economic significance.\textsuperscript{108} The mandatory exception regarding temporary acts of reproduction was already addressed in the WIPO Diplomatic Conference of 1996 and the formulation discussed at that Conference are in

\begin{footnotesize}
\textsuperscript{103} Recital 32 of the Directive confirmsthe closed list approach, providing that the “Directive provides for an exhaustive enumeration of exceptions and limitations to the reproduction right and the right of communication to the public.” Geiger et al., supra note 24, at 439-40. Some have criticized the close nature of the list. Von Lewinski & Walter, supra note 1, at 1020.
\textsuperscript{104} Rosati, supra note 25, at 591.
\textsuperscript{106} InfoSoc Directive, Article 5(3)(o). It is a flexibility that applies to the past national exceptions, however, and not to the future.
\textsuperscript{107} InfoSoc Directive, Recital 33.
\textsuperscript{108} InfoSoc Directive, Article 5(1). The delay in the adoption of the caching provision was due to the fact that the Directive was concluded in parallel with the Napster law suit in the US. MONICA HORTEN, THE COPYRIGHT ENFORCEMENT ENIGMA – INTERNET POLITICS AND THE ‘TELECOMS PACKAGE’ 59 (2012).
\end{footnotesize}
part recalled in the InfoSoc Directive. The reasoning on which this exception is based is that the acts of transient reproduction are automatically triggered by another use and they usually do not have any independent economic significance.

All the other twenty exceptions or limitations are optional. Article 5(2) lists five optional exceptions to the reproduction right, while Article 5(3) lists fifteen optional exceptions to both the right to reproduce and the right to communicate to the public or make available to the public.

The unique limitation to Member States’ discretion in choosing if and how to implement the exceptions is found in Article 5(5) of the InfoSoc Directive, which recalls the three-step test laid down in the Berne Convention, the TRIPS, and the WIPO Copyright Treaty. Since it was introduced by the Berne Convention, the three-step test has set parameters to the freedom of national legislators to create exceptions, and Article 5(5) reiterates and “communitizes” the general obligation that all exceptions should conform to the test. The three-step test applies to any exception or limitation provided for in Article 5 and requires that such exceptions or limitations to the exclusive rights must: (i) be applied only in certain special cases, (ii) which do not conflict with a normal exploitation of the work or

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109 However, the WIPO Internet Treaties do not contain such an explicit exception. Von Lewinski & Walter, supra note 1, at 1023.

110 Id. at 1024.

111 The permissible exceptions under Article 5(3) are: reprographic copying, private copying, non-profit copying by public libraries, educational establishments or museums, ephemeral copying by broadcasters, and reproductions of broadcasts made by social institutions.

112 The permissible exceptions under Article 5(3) are: use for teaching and scientific purposes, use for people with disabilities, use for reporting current events, quotations, use for public security, use of political speeches, use during religious celebrations, use of works of architecture, incidental inclusion of a work, use for advertising public exhibitions, use for caricature or parody, use related to the demonstration or repair of equipment, use for the reconstruction of buildings, use for research or private study, and use in other cases of minor importance.

113 For a more detailed explanation of the three-step test see supra Chapter 1, para. 1.6.2.


115 Id. at 328.
other subject-matter, and (iii) do not unreasonably prejudice the legitimate interest of the right holder.\textsuperscript{116}

One could suggest that a so specific list was the result of a coherent policy aim and a full comparative law study, which instead was not.\textsuperscript{117} The main goal of the InfoSoc Directive was in fact to enable the EU and its Member States to accede to the WIPO Internet Treaties, and when, at a later stage, the issue of the exceptions and limitations was raised, Member States put forward their concern to maintain the exceptions already existing in their national laws.\textsuperscript{118} According to some, the fact that Member States are free to implement the exceptions they want represents a failure on the harmonization front,\textsuperscript{119} and for this reason Article 5 has been defined as “the avenue to disunity.”\textsuperscript{120} Some authors addressed that the optional nature of the exceptions made the whole InfoSoc directive a “total failure.”\textsuperscript{121} First, the previously existing but divergent systems of exceptions were left intact.\textsuperscript{122} Second, given that most of the exceptions and limitations under Article 5 are facultative rather than mandatory, the Directive does not result in any considerable harmonization effect,\textsuperscript{123} rather it adopts a “pick and choose at will” approach.\textsuperscript{124}

As a matter of example, one of the main issues was created by the exception on copying for personal use of Article 5(2).\textsuperscript{125} The non-

\textsuperscript{116} InfoSoc Directive, Article 5(5).
\textsuperscript{118} Id. at 244.
\textsuperscript{119} A stronger harmonization might have been achieved if the exceptions were mandatory. Shapiro, supra note 22, at 41.
\textsuperscript{120} Johannes Brinkhof, Over ‘The Desire For Harmonisation’ en ‘The Avenue To Disunity’ Zit de Nederlandse octrooirechtspraak wel op het juiste spoor?, 10 Bijblad Industriële Eigendom 565 (2007).
\textsuperscript{121} Bernt Hugenholtz, Why the Copyright Directive is Unimportant, and Possibly Invalid, EIPR 11, 501-02 (2000).
\textsuperscript{122} Janssens, supra note 114, at 332.
\textsuperscript{123} Von Lewinski & Walter, supra note 1, at 1021-22.
\textsuperscript{124} Janssens, supra note 114, at 332.
\textsuperscript{125} Article 5(2)(b) provides that “Member States may provide for exceptions or limitations to the reproduction right provided for in Article 2 (...) (b) in respect of reproductions on any medium made by a natural person for private use and for ends that are neither directly nor indirectly commercial, on condition that the right holders receive fair compensation
The mandatory nature of this exception has become source of legal uncertainty throughout Europe, since activities – such as peer-to-peer – can be exempt from infringement in one State but not in one other.¹²⁶ The rationale that supported the implementation of such personal use exception was the defense of the user’s right to use the copyrighted work privately, without intrusion into the user’s private sphere by the copyright holder.¹²⁷ However, the effects of a provision considered feasible in the environment in which the InfoSoc Directive was issued, are today source of major concern for copyright holders.¹²⁸

One should consider that a certain lack of harmonization was already taken into account when the Directive was issued, given that Recital 31 makes it clear that it does not aim to complete harmonization of the exceptions and limitations, rather to a “degree of their harmonisation [that] should be based on [the] impact on the smooth functioning of the internal market.”¹²⁹ On this line, at least two positive achievements have been reached. First, the exhaustive nature of the list limits the action of Member States in the sense that they cannot permit any more extensive exceptions and limitations.¹³⁰ Second, the three-step test was introduced at EU level.¹³¹ Conversely, one could point out that the aim of “legal certainty” stated in Recitals 4, 6, 7 and 21 was completely disregarded, due to the use of an excessively vague language.¹³²

Overall, the absence of harmonization on copyright exceptions, due to a lack of political consensus among EU lawmakers, poses today the issue

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¹²⁸ Stavroula Karapapa, supra note 126.
¹³² Hugenholtz, supra note 121.
of an imbalance that should be solved. This faux harmonization does not bring the Internal Market much closer and some even suggested that would be a good option for Member States to challenge the InfoSoc Directive before the Court of Justice.

3.5. Protection of Technological Measures and Rights-Management Information

3.5.1. Obligations as to Technological Measures

Article 6 of the InfoSoc Directive implements Article 11 WCT at European level. The provision aims to give the rights holder some control on the use of their works in the digital environment and testifies the awareness of the phenomenon of piracy, accelerated by the Internet. In particular, technical protection measures allow right holders to block access or prevent certain uses of their works, such as the reproduction thereof. Since such protective measures often become obsolete, right holders are given legal protection against the circumvention of them.

In implementing the WIPO Treaties, Article 6(3) of the InfoSoc Directive defines that “technological measures” are “any technology, device or component that, in the normal course of its operation, is designed to prevent or restrict acts of exploitation of protected subject matter.” In particular, the rights protected by Article 6 are not only those indicated in

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133 Mazziotti, supra note 131, at 73-74.
136 And also Article 18 WPPT.
137 In particular by separating the protection against circumvention from the one against preparatory activities. Von Lewinski & Walter, supra note 1, at 1065.
138 Id.
139 Id.
140 Geiger et al., supra note 24, at 489.
141 Von Lewinski & Walter, supra note 1, at 1065.
142 Id.
the InfoSoc Directive, rather any right of exploitation covered by a copyright, related right or sui generis database right under national law.\textsuperscript{143} The measures have to be “effective,” and their effectiveness is fulfilled through “the application of an access control or protection process, such as encryption, scrambling or other transformation of the work (...) which achieves the protection objective”.\textsuperscript{144} It is clear that measures that do not work at all\textsuperscript{145} or that can be easily removed by unskilled users are not “effective,” as they do not protect the work.\textsuperscript{146} The legal protection awarded should respect the proportionality principle and should not prohibit the use of devices or activities having a commercial purpose or use other than the circumvention of technical protection.\textsuperscript{147} While right holders are awarded protection when they adopt technological measures, Recital 48 makes it clear that there is no obligation on producers to produce or offer products or services complying with technological measures.\textsuperscript{148} This means that producers of certain devices (such as CD players or DVD players) do not need to ensure that these products are complying with technological measures.\textsuperscript{149}

Article 6(1) requires Member States to provide “adequate legal protection against the circumvention of any effective technological measures, which the person concerned carries out in the knowledge, or with reasonable grounds to know, that he or she is pursuing that objective.”\textsuperscript{150} This provision leaves the Member States free to determine what constitutes an “adequate legal protection” against circumvention and whether such protection may be sanctioned under civil, criminal, or administrative law.\textsuperscript{151}

\begin{footnotesize}
\begin{enumerate}
\item Such provision does not apply instead to the Computer Programs Directive. Von Lewinski & Walter, \textit{supra} note 1, at 1066-67.
\item InfoSoc Directive, Article 6(3), second sentence.
\item Geiger et al., \textit{supra} note 24, at 491.
\item Von Lewinski & Walter, \textit{supra} note 1, at 1067.
\item \textit{Nintendo Co. Ltd and Others v PC Box Srl and 9Net Srl.}, Case C-355/12, CJEU Judgment (Fourth Chamber), Jan. 23, 2014, ¶ 4(48).
\item InfoSoc Directive, Recital 48.
\item Von Lewinski & Walter, \textit{supra} note 1, at 1069.
\item InfoSoc Directive, Article 6(1).
\item Von Lewinski & Walter, \textit{supra} note 1, at 1068.
\end{enumerate}
\end{footnotesize}
Civil remedies usually include interim measures and injunctions, seizures, and damages.\textsuperscript{152} The sanctions can be imposed only in case of intentional circumvention of technological measures or with gross negligence.\textsuperscript{153}

Article 6(2) makes it clear that Member States shall provide adequate legal protection not only against the acts of circumvention themselves, but also against acts in preparation of circumvention. Such acts are, in particular, the “manufacture, import, distribution, sale, rental, advertisement for sale or rental, or possession for commercial purposes” of devices.\textsuperscript{154}

The devices used must fulfill three conditions in order for a sanction to be imposed. First, they must be “promoted, advertised or marketed for the purpose of circumvention of effective technological measures.”\textsuperscript{155} It is thus required that the main object of these activities is the circumvention of effective measures.\textsuperscript{156} Second, the devices must “have only a limited commercially significant purpose or use”\textsuperscript{157} besides circumvention. This excludes the possibility to sanction multi-purpose devices that may serve circumvention but also other legal purposes that have a considerable commercially significant purpose.\textsuperscript{158} Third, they must be “primarily designed, produced, adapted or performed for the purpose of enabling or facilitating”\textsuperscript{159} circumvention of effective measures. An objective approach should be preferred in order to determine whether a person designed the device with the aim of enabling or facilitating circumvention.\textsuperscript{160}

\textsuperscript{152} Geiger et al., \textit{supra} note 24, at 493.
\textsuperscript{153} \textit{Id.}
\textsuperscript{154} InfoSoc Directive, Article 6(2).
\textsuperscript{155} InfoSoc Directive, Article 6(2)(a).
\textsuperscript{156} Von Lewinski & Walter, \textit{supra} note 1, at 1070.
\textsuperscript{157} InfoSoc Directive, Article 6(2)(b).
\textsuperscript{158} Von Lewinski & Walter, \textit{supra} note 1, at 1070.
\textsuperscript{159} InfoSoc Directive, Article 6(2)(c).
\textsuperscript{160} Therefore it should be looked at the characterisics and qualities of the devices. Von Lewinski & Walter, \textit{supra} note 1, at 1070.
3.5.2. Obligations Concerning Rights-Management Information

In implementing Article 12 of the WCT,\(^\text{161}\) Article 7 of the InfoSoc directive provided for an extension of the scope of application to film producers and broadcasting organizations and databases. However, unlike Article 6 of the InfoSoc Directive, Article 7 maintains in many aspects the wording already offered by the WIPO Internet Treaties, with slight differences.\(^\text{162}\) As previously mentioned,\(^\text{163}\) “rights management information” (or “DRM”) are any information provided by right holders, which identifies various information such as the work, the author or any other right holder, or information about the terms and condition of use of the work.\(^\text{164}\) This information has to be associated with a copy of a work, which can be a hard copy or a digital one (for instance, through digital watermarks or metadata). Similarly to the WIPO provisions, Article 7 leaves Member States discretion to determine the “adequate legal protection”\(^\text{165}\) to rights management information and thus to chose among a set of remedies and sanctions of civil, criminal or administrative nature.\(^\text{166}\) In order to impose a sanction on a person, his or her positive knowledge or gross negligence is required when the actions under Article 7(1)(a) or (b) are performed.\(^\text{167}\)

Such prohibited actions are, respectively, “the removal or alteration of any electronic rights-management information,”\(^\text{168}\) which can result in the removal or change by means of addition, deletion or alteration of DRM,\(^\text{169}\) or actions that are subsequent to the removal or alteration, namely “the distribution, importation for distribution, broadcasting, communication or making available to the public of works from which electronic rights-

\(^{161}\) See supra Chapter 1, para. 1.7.2.
\(^{162}\) Among, which, for instance, the absence of the requirement of knowledge that right information has been removed or altered without authority, provided instead in Article 12(1)(b). Cf. supra Chapter 1, para. 1.7.2.
\(^{163}\) Id.
\(^{164}\) Geiger et al., supra note 24, at 500.
\(^{165}\) Von Lewinski & Walter, supra note 1, at 1080.
\(^{166}\) Geiger et al., supra note 24, at 501.
\(^{167}\) InfoSoc Directive, Article 7(1).
\(^{168}\) InfoSoc Directive, Article 7(1)(a).
\(^{169}\) Geiger et al., supra note 24, at 502.
management information has been removed or altered without authority." Similarly to Article 6, Article 7 ensures protection only once the right holder decides to apply DRM to his or her work. Although there is no obligation to apply DRM, Recital 55 explains the importance of rights management information and encourages right holders to use markings indicating particularly the authorization of the uses of their works. Moreover, Recital 54 encourages the compatibility of international standardization and identification systems within the EU.

3.6. Enforcement


Article 8 of the InfoSoc Directive, differently from other articles contained therein, only covers the rights explicitly protected by the Directive (the rights of reproduction, communication to the public, making available to the public, and distribution). Therefore, the enforcement provisions provided for in the Software Directive and the Database Directive are made safe. However, it has to be noted that pursuant to the Enforcement Directive, such obligation is extended horizontally to all intellectual property rights.

Article 8(1) of the InfoSoc Directive deals generally with enforcement and requires Member States to adopt “appropriate sanctions and remedies,” which have to be “effective, proportionate and

171 See supra para. 3.5.1.
174 InfoSoc Directive, Article 8 states that “Member States shall provide appropriate sanctions and remedies in respect of infringements of the rights and obligations set out in this Directive . . . ” (emphasis added).
175 Software Directive, Article 7(2).
dissuasive.” Member States shall also provide for the means of enforcing and applying such sanctions and remedies.

Article 8(2) then requires each Member State to provide “the measures necessary to ensure that right holders whose interests are affected by an infringing activity carried out on its territory” can take certain actions. In particular, right holders have to be given the possibility to bring an action for damages, apply for an injunction, and also for seizure of devices used for circumvention when appropriate. The same rights are recognized by the Enforcement Directive.

Article 8(3) of the InfoSoc Directive specifically deals with “injunction against intermediaries whose services are used by a third party to infringe a copyright or related right.” The concept of intermediaries is interpreted broadly, including not only ISPs offering services of mere conduit, caching or hosting, but also Online Service Providers (OSPs), online market places, search engines, or other platforms. On the issue of injunctions against intermediaries, essential reference has to be made to the E-Commerce Directive, which deals horizontally with the liability of Internet Service Providers (ISPs).

While the InfoSoc Directive left Member States a wide procedural autonomy, limited by the principles of equivalence and effectiveness, the Enforcement Directive greatly circumscribed the national procedural autonomy. The Enforcement Directive, differently from the InfoSoc directive, requires Member States to apply certain minimum standards in

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179 “The legal jargon means that the punishment should fit the crime.” HORTEN, supra note 108.
180 InfoSoc Directive, Article 8(1).
182 Enforcement Directive Article 9(1)(b) (seizure, which is not however limited to seizure “where appropriate”), Article 11 (injunction), and Article 13 (damages).
183 Geiger et al., supra note 24, at 507.
185 See infra para. 3.6.2.
terms of measures, procedures, and remedies for infringement of various intellectual property rights. For instance, the rules provided for in include evidence-protecting measures (Article 8), provisional measures (Article 10), and damages (Article 17). Although these provisions were already familiar to many Member States, the Directive also introduced new remedies, such as the right of information, which allows judicial authority to order the infringer to provide information on the origin and distribution networks of infringing material. Clearly, it mainly depended upon national legislation whether to opt for a strong enforcement ideology or a weak enforcement ideology when implementing the EU Directives. This brought to different results among the various Member States. For instance, the procedures for calculating damages in IP cases are still varying significantly across the European Union.

Since the Enforcement Directive regulates only civil and administrative measures and remedies, the Commission proposed also a Directive on Criminal Measures Aimed at Ensuring the Enforcement of Intellectual Property Rights. The Commission withdrew the proposal in 2010, after it was criticized for lack of clarity and disproportionality. Both civil and criminal enforcements are instead provided by the not yet in force Anti-Counterfeiting Trade Agreement (ACTA). In particular, Article 27 of ACTA makes referral to the enforcement in the digital

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187 It recalls many provisions of Part III of the TRIPS concerning the enforcement of intellectual property rights and it constitutes a rare example of EU law affecting manners of national legal procedure. TREVOR COOK, EU INTELLECTUAL PROPERTY LAW 733 (2010).
188 Norrgård, supra note 186, at 506.
189 Id. at 507.
190 Id.
193 Id.
environment, which may include the unlawful use of means of widespread
distribution for infringing purposes (an example would be peer-to-peer
activities).\textsuperscript{195}

Although both the InfoSoc and Enforcement Directives have been
judged in many respects as compromises, they undoubtedly remain the main
legislative references for the fight against online piracy.\textsuperscript{196}

\textbf{3.6.2. Liability of Internet Service Providers}

The E-Commerce Directive contains detailed rules on the liability of
intermediary service providers, which state the conditions under which these
providers are exempt from liability.\textsuperscript{197} In particular, ISPs are exempt from
liability in cases of mere conduit,\textsuperscript{198} caching\textsuperscript{199} and hosting.\textsuperscript{200} In case of
mere conduit, the transit service provider provides users with possibility to
transfer data.\textsuperscript{201} Hosting service providers are those that provide users with
the possibility to make content available using the service provider’s
server.\textsuperscript{202} More specifically, while caching aims at facilitating the
functioning of the network through automatic, immediate and transient
storage of information, hosting is the storage intended to be permanent or
more than merely provisional.\textsuperscript{203} The fact that these three actions are exempt
from liability does not affect the possibility of injunctions under the InfoSoc
Directive requiring the service providers to terminate an infringement.\textsuperscript{204}
The significant wording of the InfoSoc Directive comes into place in respect
of the proportionality of the sanction that can be imposed against ISPs.\textsuperscript{205}

\begin{footnotesize}
\begin{itemize}
\item \textsuperscript{195} Iglekazis, \textit{supra} note 192, at 287.
\item \textsuperscript{196} Reinbothe, \textit{supra} note 178, at 28.
\item \textsuperscript{197} QUINTEN R. KROES, E-BUSINESS LAW OF THE EUROPEAN UNION 5 (2nd ed., 2010).
\item \textsuperscript{198} E-Commerce Directive, Article 12.
\item \textsuperscript{199} E-Commerce Directive, Article 13.
\item \textsuperscript{200} E-Commerce Directive, Article 14.
\item \textsuperscript{201} Mari Männiko, \textit{Intermediary Service Providers’ Liability Exemptions: Where Can We
Draw the Line?}, in \textit{REGULATING E-TECHNOLOGIES IN THE EUROPEAN UNION, NORMATIVE
\item \textsuperscript{202} \textit{Id.}
\item \textsuperscript{203} \textit{Id.}
\item \textsuperscript{204} KROES, \textit{supra} note 197, at 5.
\item \textsuperscript{205} HORTEN, \textit{supra} note 108.
\end{itemize}
\end{footnotesize}
The overall balance depends on the approach taken by each Member States when implementing the Directive.\textsuperscript{206}

The case law of the Court of Justice has been and continues to be essential in order to determine the ISP liability exemptions when dealing with copyright infringements. In Google v. Louis Vuitton\textsuperscript{207} the Court of Justice made it clear that the exception only applies when there is an activity “of a mere technical, automatic and passive nature,” which implies that the service provider “has neither the knowledge of nor control over the information which is transmitted or store.”\textsuperscript{208} Therefore, if the search engine has not played a role in prioritizing the results, it cannot be held liable for the data which it has stored.\textsuperscript{209} In L’Oreal v. eBay\textsuperscript{210} the Court of Justice found that Article 14(1) of the E-Commerce Directive applies to the operator of an online marketplace where the operator has not played an active role.\textsuperscript{211} The Court found, however, that an operator that provides assistance for the optimization of the presentation of the offers for sale lacks of a neutral position and thus it cannot rely on the exemption from liability.\textsuperscript{212}

In Scarlet v. SABAM,\textsuperscript{213} the Court of Justice found that the E-Commerce Directive and the Information Society Directive\textsuperscript{214} do not allow for the imposition on an ISP of a filtering system that, in order to detect

\textsuperscript{206} Maria Mercedes Frabboni, File-Sharing and the Role of Intermediaries in the Marketplace, in COPYRIGHT ENFORCEMENT AND THE INTERNET 119, 129-30 (Irini A. Stamatoudi ed., 2010).

\textsuperscript{207} Joined cases C-236/08 and C-238/08, Google France SARL and Google Inc. v Louis Vuitton Malletier SA (C-236/08), Google France SARL v Viaticum SA and Lutecei SARL (C-237/08) and Google France SARL v Centre national de recherche en relations humaines (CNRHR) SARL and Others (C-238/08), CJEU Judgment (Grand Chamber), Mar. 23, 2010.

\textsuperscript{208} Id. ¶ 113-114.

\textsuperscript{209} Id.

\textsuperscript{210} L’Oréal SA and Others v eBay International AG and Others, Case C-324/09, CJEU Judgment (Grand Chamber), Jul. 12, 2011.

\textsuperscript{211} Id. ¶ 104.

\textsuperscript{212} Id. ¶ 116.

\textsuperscript{213} Scarlet Extended SA v Société belge des auteurs, compositeurs et éditeurs SCRL (SABAM), Case C-70/10, CJEU Judgment (Third Chamber), Nov. 24, 2011.

activities infringing on intellectual property rights: (i) filters all the communications passing via its services, (ii) is applied in an indiscriminate manner to all users, (iii) is used as a “preventive measure,” (iv) exclusively at the ISP’s expenses, and (v) for an unlimited period of time.\footnote{Scarlet Extended SA, supra note 213.} This imposition conflicts, \textit{inter alia}, with the prohibition of a general obligation to monitor established by Recital 47\footnote{E-Commerce Directive, Recital 47 provides that “Member States are prevented from imposing a monitoring obligation on service providers only with respect to obligations of a general nature; this does not concern monitoring obligations in a specific case and, in particular, does not affect orders by national authorities in accordance with national legislation.”} and especially by Article 15(1)\footnote{E-Commerce Directive, Article 15(1) provides that “Member States shall not impose a general obligation on providers, when providing the services covered by Articles 12, 13 and 14, to monitor the information which they transmit or store, nor a general obligation actively to seek facts or circumstances indicating unlawful activity.”} of the E-Commerce Directive.

In the \textit{Telekabel} case,\footnote{UPC Telekabel Wien GmbH v Constantin Film Verleih GmbH and Wega Filmproduktionsgesellschaft mbH., Case C 314/12, CJEU Judgment (Fourth Chamber) of Mar. 27, 2014} the Court of Justice operated a balance between the copyright holder rights to obtain an injunction and Article 52(1) of the ECHR, which defines the scope of guaranteed rights and reinstate the principle of proportionality.\footnote{Charter of Fundamental Rights of the European Union, Article 52(1) provides that: “Any limitation on the exercise of the rights and freedoms recognised by this Charter must be provided for by law and respect the essence of those rights and freedoms. Subject to the principle of proportionality, limitations may be made only if they are necessary and genuinely meet objectives of general interest recognised by the Union or the need to protect the rights and freedoms of others.”} The Court found that a court injunction which orders an ISP to block the users’ access to a website containing, absent the agreement of the right holder, a work protected by copyright, does not conflict with the fundamental rights protected by EU law, even when the injunction lacks of specifying the exact measures that the ISP must take and when that ISP can avoid the breach of the court injunction by showing that it has taken “all reasonable measures.”\footnote{UPC Telekabel Wien GmbH supra note 271, ¶ 64.} The lawfulness of such measures is determined by the satisfaction of two conditions: (i) that they do not unnecessarily deprive Internet users of the possibility of

\[\text{\footnotesize\textcopyright{} 2023} \text{\footnotesize\, All rights reserved.} \]
lawfully accessing the information available and (ii) that they have the effect of preventing unauthorized access to the protected work or, at least, of making the access to it more difficult.\textsuperscript{221}

3.6.3. The Digital Copyright Enforcement Enigma: Balancing Copyright and Fundamental Rights

The implementation of the various EU Directives delineating the framework for the protection of copyright on the Internet poses an enigma on which system, \textit{forum}, and laws would be more appropriate to deal with the issue.

The copyright enforcement enigma is often recalled with regards to the adoption of an effective system to fight against online piracy.\textsuperscript{222} Various countries have realized that the traditional protection offered by ordinary courts and the previous legislation dealing with copyright was insufficient to deal with the protection of digital copyright. For this reason, not only specific legislative reforms were undertaken to seek an adaptation to the digital environment, but also specific systems dealing exclusively with the digital copyright protection were implemented. Such systems are generally divided in systems providing for sanctions against the ISPs,\textsuperscript{223} and systems that instead focus on the education of and sanctions against the end-users.\textsuperscript{224} As previously mentioned with regards to the Enforcement Directive, Member States implemented EU legislation in the way that was more conforming to their national traditions and to their policy aims. The EU framework gave national judges a more active role in balancing copyright with other conflicting deference, which was before limited to statutory national law.\textsuperscript{225}

\begin{itemize}
\item \textsuperscript{221} Id.
\item \textsuperscript{222} This issue will be discussed in Chapter 4.
\item \textsuperscript{223} An example is the Italian AGCOM’s Regulation, \textit{see infra} Chapter 4 para. 4.3.2.
\item \textsuperscript{224} An example is the French HADOPI Law, \textit{see infra} Chapter 4 para. 4.3.1.
\item \textsuperscript{225} Caterina Sganga, \textit{EU Copyright Law Between Property and Fundamental Rights: A Proposal to Connect the Dots, in Balancing Copyright Law in the Digital Age, Comparative Perspectives} 1, 14 (Roberto Case & Federica Giovanella eds., 2014).
\end{itemize}
A general limitation in implementing the EU Directives has been clarified by the Court of Justice in the *Promusicae* case,226 holding that Member States, when implementing EU law in their national law, cannot rely on an interpretation of it that would be in conflict with fundamental rights or with the other general principles of EU law.227 At issue was whether national courts had the power to force ISP to disclose the personal data of their subscribers, in order to ensure effective protection of copyright.228 The Court found that it is up to Member States to establish a fair balance between the right to privacy and the right to protect intellectual property.229 National courts thus reached different results on this matter. In the Italian *Peppermint Jam v. Telecom* case,230 the Italian Court found that personal data could be acquired when needed to trace a copyright infringement.231 Subsequently, the Italian Data Protection Authority (*Garante per la protezione dei dati personali*) made it clear that the secrecy of electronic communications between private parties could not be violated and such information could not be disclosed.232 Conversely, in France the Conseil d’État reversed a CNIL decision turning down a request for private

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226 Productores de Música de España (*Promusicae*) v Telefónica de España SAU, Case C-275/06, CJEU Judgment, (Grand Chamber), Jan. 29, 2008.
227 Id. ¶ 68. On the same line, the Court ruled in the *LGS* case that the E-Privacy and Copyright Enforcement Directives “do not preclude Member States from imposing an obligation to disclose to private third parties personal data relating to Internet traffic in order to enable them to bring civil proceedings for copyright infringements.” *LSG-Gesellschaft zur Wahrnehmung von Leistungsschutzrechten GmbH v Tele2 Telecommunication GmbH*, Case C-557/07, CJEU Order (Eighth Chamber), Feb. 19, 2009.
228 The issue also concerned the interpretation of Article 15(1) of the Directive on Privacy and Electronic Commerce, which makes possible the derogation of ISPs’ duties on the treatment of personal data when it is “a necessary, appropriate and proportionate measure within democratic society to safeguard national security, defence, public security,, and the prevention, investigaion, detection and prosecution of criminal offences or of unauthorised use of the electronic communication system.” The Court found that intellectual property enforcement could fall under Article 15(1).
229 Thus the Court of Justice threw the ‘hot potato’ back at the Member States. HORTEN, *supra* note 108, at 108-09.
231 The case was then reversed finding that the identity disclosure requests constituted a violation of the fundamental right to privacy. Irini A. Stamatoudi, *Data Protection, Secrecy of Communications and Copyright, in COPYRIGHT ENFORCEMENT AND THE INTERNET* 119, 225 (Irini A. Stamatoudi ed., 2010).
records of infringers finding that providing such personal data was not disproportionate when limited to certain users and given the extent of the online piracy problem in France.\footnote{Stamatoudi, supra note 231, at 227.}

In conclusion, the Court of Justice went beyond the mere interpretation of the Directives regulating E-Commerce and intellectual property, and found that a fair balance between property and privacy had to be found by the national legislator and courts.\footnote{Frabboni, supra note 206, at 132.} The Court has however avoided clarifying what would be the legal status of the data released in case this does not violate fundamental rights.\footnote{ANDREJ SAVIN, EU INTERNET LAW 121 (2013).}

Other cases addressed the concern that injunctions aimed at protecting copyright on the Internet may violate in certain cases the online freedom of expression.\footnote{Mazziotti, supra note 130, at 133.} In Scarlet v. SABAM\footnote{Scarlet Extended SA, supra note 213.} and SABAM v. Netlog\footnote{Belgische Vereniging van Auteurs, Componisten en Uitgevers CVBA (SABAM) v Netlog NV, Case C-360/10, CJEU Judgment (Third Chamber), Feb. 16, 2012.} the Court of Justice found that an injunction imposing on an ISP systematic and permanent filtering measures contradicts the fundamental rights protected by Article 8 and Article 11 of the Charter of Fundamental Rights of the European Union and thus violates the protection of users’ personal data and their freedom of expression.\footnote{Id.}

Another fundamental right at issue when dealing with copyright enforcement is the right of access to the Internet. At national level, it is relevant the judgment of the French Constitutional Council in 2009 holding that the protection of freedom of expression and communication includes the freedom to access the Internet, which cannot be impaired through a decision taken by administrative body, constituting a violation of the presumption of innocence and due process.\footnote{For a more detailed analysis of the decision, see infra Chapter 4 para. 4.3.1.3.}
Internet has been also addressed in the Framework Directive, which provides that prior to disconnect a user from the Internet, Member State should guarantee the parties a fair and impartial procedure, and the right to judicial review.


3.7.1. The Software Directive

Unlike the InfoSoc Directive, the Software Directive was adopted in 1991 and thus far before the WIPO Internet Treaties of 1996. The policy goal under the Software Directive was the stimulation of creation of computer programs, especially by smaller and mid-sized enterprises. However, the protection awarded to software is not excessive in order to preserve competition. Similarly to the WIPO Copyright Treaty Article 4, computer programs are protected as “literary works within the meaning of the Berne Convention.” The Directive protects of software principally by copyright, even though Article 9(1) indicates that other laws, such as patent, trade secrets or contract law, may award additional protection.

While some authors believe the qualification of computer programs as literary works to be appropriate, given that a source program has the

242 Mazziotti, supra note 130, at 135.
245 Id.
246 See supra Chapter 1 para. 1.3.2.3.
247 Software Directive Article 1(1).
248 Huet & Ginsburg, supra note 244, at 333.
appearance of a text when printed out,\textsuperscript{249} other consider this classification to be fictitious.\textsuperscript{250} The object awarded protection, namely the “computer program,” is not defined by the Directive. However, most commentator make referral to the WIPO Model Provisions on the Protection of Computer Software, which define a computer program as “a set of instructions capable, when incorporated in a machine-readable medium, of causing a machine having information-processing capabilities to indicate, perform or achieve a particular function, task or result.”\textsuperscript{251} Article 1(3) of the Software Directive requires the computer program to be “original,” in the sense that “it is the author’s own intellectual creation.”\textsuperscript{252} The originality requirement does not impose a high level of creativity.\textsuperscript{253} It closely resembled the criterion adopted by French courts and it lessened the one required by German courts.\textsuperscript{254} Article 2(3) makes it clear that unless provided otherwise by contract, when software is created by an employee “in the execution of his duties or following the instructions given by his employer,” it is for the employer to enjoy exclusively all economic rights in the program.\textsuperscript{255} However, the employee retains the moral rights to the computer program.\textsuperscript{256} The rights given to the author (i.e. to the creator of the program or to the employer when applicable) are the right of reproduction,\textsuperscript{257} including the

\begin{notes}
\item[250]See, for instance, Philip Leith, \textit{Software and Patents in Europe} 156 (2007): “A new technology should be viewed as a technology on its own merits rather than via the legal fiction that is something else.”
\item[252]Software Directive, Article 1(3). It may be in practice difficult to determine the originality of a computer program, given that it is often composed by using third-party components which are assembled together through coding techniques. Bing, \textit{supra} note 249, at 408.
\item[253]Huet & Ginsburg, \textit{supra} note 244, at 341.
\item[254]While the French courts identified the originality requirement with the “mark of an intellectual contribution,” German ones required a “clearly higher than average degree of creativity.” \textit{Id.}
\item[255]This would include both personnel employed in the computer programming department and employees who participated in the creation of the program by other duties. Huet & Ginsburg, \textit{supra} note 244, at 341.
\item[256]Which is, basically, the right of attribution. \textit{Id.} at 342.
\item[257]Interpreted accordingly to the reproduction right contained in InfoSoc Directive Article 2. \textit{See supra} para. 3.2.2.1.
\end{notes}
reproduction necessary for “loading, displaying, running, transmission or storage” of the software,\textsuperscript{258} the right to the “translation, adaptation, arrangement and any other alteration of a computer program and the reproduction of the results thereof, without prejudice to the rights of the person who alters the program,”\textsuperscript{259} and the right of distribution.\textsuperscript{260} The Directive gives the authorized users a narrow right to make back-up copies\textsuperscript{261} and a broader right to “decompile” for purposes of “interoperability.”\textsuperscript{262}

The term of protection is fifty years \textit{post mortem auctoris}, except where the author is a legal person, in which case the term of protection is fifty years from the time that the software was first made available to the public.\textsuperscript{263} The term was extended by the Term Directive for all literary works, including computer programs, to seventy years \textit{post mortem auctoris}.\textsuperscript{264}

The case law of the Court of Justice was essential to determine the scope of the protection provided for in the Software Directive. In \textit{Bezpečnostní softwarová asociace},\textsuperscript{265} the Court held that a graphic user interface is not a form of “expression” of a “computer program” within the Software Directive and cannot be protected as software.\textsuperscript{266} A graphic user interface, in fact, does not divulge the computer program; rather it makes

\begin{footnotesize}
\begin{enumerate}
\item[258] Software Directive, Article 4(a).
\item[259] Software Directive, Article 4(b).
\item[260] Software Directive, Article 4(c). For the exhaustion of the right of distribution, see \textit{supra} para. 3.3.
\item[261] Pursuant to Article 5(2), this kind of reproduction made by a lawful acquirer cannot be prevented.
\item[262] The right for decompilation is innovative in copyright law and its background was due to a dispute between IBM and the European Commission during the 1980s. Bing, \textit{supra} note 249, at 422.
\item[263] Software Directive, Article 8.
\item[266] \textit{Id.} ¶ 42.
\end{enumerate}
\end{footnotesize}
the use of the program easier. However, such interface can be protected by copyright as a work under the InfoSoc Directive “if that interface is its author’s own intellectual creation.” Analogizing the Infopaq case, the Court found that a user graphic interface could be indeed qualify as intellectual creation, due to the complex structure produced by a programmer. In *SAS Institute Inc.*, the Court excluded the protection under the Software Directive of the functionality of a computer program, the programming language, and the format of data files used in a software in order to exploit certain functions. Although it is rare for creators of general purpose programming languages to try to assert copyright on them, the vendors of systems driven by specific programming language have a great commercial interest in preventing the creation of competing systems. The Court further found that Article 5(3) of the Software Directive allows a lawful acquirer of a copy of a software under a license to “observe, study or test the functioning of that program so as to determine the ideas and principles which underlie any element of the program,” as long as that person “does not infringe the exclusive rights of the owner of the copyright in that program.” The possibility to reverse engineering recognized by the Court of Justice widens the possibility for competitors of entry into pre-existing markets. A recent important judgment on the exhaustion doctrine regarding software is the *UsedSoft GmbH* case analyzed above.

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268 *Id.* ¶ 51.
270 *SAS Institute Inc. v World Programming Ltd*, C-406/10, CJEU Judgment (Grand Chamber), May 2, 2012.
271 *Id.* at 32.
272 The same happens with data file formats. For instance, a competitor of Microsoft Word will need to be able to created a competing software capable of reading the Microsoft Word .doc format. Francis Davey, *Reverse engineering and copyright in programming languages and data file formats*, 8 J. Intell. Prop. L. & Pract. 512, 514 (2013).
273 *Id.* at 62.
274 Davey, *supra* note 272.
275 *See supra* para. 3.3.
3.7.2. The Database Directive

The Database Directive of 1996 was the result of a process started as early as 1986. The subject matter protected is database in “any form,” and thus in analogue or digital format and potential future formats. Under the Directive, a database is a “collection of independent works, data or other materials arranged in a systematic or methodical way and individually accessible by electronic or other means.” The Directive created a two-tiered structure of protection. First, a database is protected by copyright on the condition that an “individual selection” or “arrangement” of the elements of a database “constitute the author’s own intellectual creation.” The criterion of originality requires in this case that “the author expresses his creative ability in an original manner by making free and creative choices and thus he stamps ‘his personal touch.’” Second, a sui generis database protection is granted based on the substantial investment by the owner in the database. Although the Directive does not explicitly states it, an overwhelming majority of scholars qualified the sui generis right as an intellectual property right, a theory that is also supported by the fact that the principle of exhaustion and exceptions to the right are provided. The reasons in support of the sui generis right protection can be found, inter alia, in the fact that copyright would not have protected the contents but only the database’s structure, and to the probable influence...
of U.S. Supreme Court Feist Pub., Inc. case.  

In order to be protected, the *sui generis* right needs to meet certain requirements: there has to be a qualitative or quantitative substantial investment in the obtaining, verification or presentation of the database’s content. Problems of interpretation arise with regard to the terms “quantitative,” “qualitative,” and “substantial,” which the case law of the Court of Justice has not yet clarified. With regards to the other terms, the Court of Justice has held that the term “obtaining” refers only the collection of data and not its creation; the term “verification” relates to ensuring the reliability of the information and the monitoring of the accuracy of the material collected; and finally the term “presentation” refers to the resources used to allow the database to be individual accessed by users.

Similarly to the reasoning in the *Luksan* case, the Court of Justice held in *Football Dataco* that Member States cannot grant databases protection under conditions that differ from those set out in Article (3)1 of the Database Directive.

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287 Database Directive, Article 7(1).

288 Derclaye, supra note 279, at 322.

289 *Fixtures Marketing Ltd v Svenska Spel AB.*, Case C-338/02, CJEU Judgment (Grand Chamber) of Nov. 9, 2004, ¶ 24: “[T]he expression ‘investment in … the obtaining … of the contents’ of a database must, as Svenska Spel and the German, Netherlands and Portuguese Governments point out, be understood to refer to the resources used to seek out existing independent materials and collect them in the database, and not to the resources used for the creation as such of independent materials.”

290 Id. ¶ 27: “The expression ‘investment in … the … verification … of the contents’ of a database must be understood to refer to the resources used, with a view to ensuring the reliability of the information contained in that database, to monitor the accuracy of the materials collected when the database was created and during its operation.”

291 Id. “The expression ‘investment in … the … presentation of the contents’ of the database concerns, for its part, the resources used for the purpose of giving the database its function of processing information, that is to say those used for the systematic or methodical arrangement of the materials contained in that database and the organisation of their individual accessibility.”

292 *Football Dataco Ltd and Others*, supra note 282.

293 Id. ¶ 52.
The Directive gives the database maker the rights of extraction and re-utilization to protect him from acts that may harm his investment.294 Both the terms “extraction” and “re-utilization” are intended to be broad: while the first includes both the actions of removal and copying, the second encompasses all forms of making the database available to the public.295 Article 5 then contains an exhaustive list of exclusive rights vested in the author of a database: reproduction, translation and adaptation, distribution, communication, display and performance to the public.296 Such provision gives authors the positive right “carry out or authorize” the aforementioned acts and the negative rights to prohibit these uses.297 The duration of such rights are 15 years.298 However, the Directive recognizes rights and exceptions in favor of the lawful user. First of all, the author of the database which is made available to public may not prevent a lawful user from extracting and/or re-utilizing insubstantial parts of its contents, as long as the user does not engage in acts which conflict with the normal exploitation of the database. Second, Member States may allow lawful users without authorization to extract or re-utilize a substantial part of its contents in certain specific cases.299 Moreover, the traditional exceptions to copyright may apply for the contents of the database.

The protection of database as *sui generis* right has been highly criticized not only by scholars for its adverse effect on competition,300 but the Commission itself recognized in the first evaluation report of the Directive that the provision establishing the *sui generis* right has not worked.

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294 Database Directive, Article 1(1).
295 Derclaye, *supra* note 279, at 327.
296 Database Directive, Article 5.
298 Any substantial change, however, renews the term.
299 Database Directive, Article 6(2).

3.8. Conclusive Remarks

While the success of the Database and Software Directives are less contested, most authors agree on the unsuccessful outcome of the InfoSoc Directive. Although some believe that it was the only possible result achievable through a balanced approach, the majority sustains that the Directive could have done much more to harmonize intellectual property rights at European level. It remains unquestionable that the Court of Justice played a significant role to better define the contours of the EU framework on the protection of intellectual property rights on the Internet, interpreting the provisions in light of the technological changes. However, in the recent years, the European institutions themselves recognized that the current EU legislation needs to be updated. The Commission started an analysis of current issues regarding online copyright infringement that should have resulted in a White Paper in 2014, but its publication was delayed and ultimately never occurred. \footnote{An internal and unofficial draft (“Copyright Policy for Creativity and Innovation in the European Union) was made available by the IPKat blog at https://www.dropbox.com/s/0xcf1grav01qjb/White%20Paper%20(internal%20draft)%20(1).PDF.} The European Commission recently announced under the Presidency of Jean-Claude Juncker that one of the key points of the Digital Single Market strategy is to have a “modern, more European copyright law.”\footnote{European Commission Press Release, A Digital Single Market for Europe: Commission sets out 16 initiatives to make it happen, May 6, 2015, http://europa.eu/rapid/press-release_IP-15-4919_en.htm.} The Commission announced that legislative proposals will reduce the differences between national copyright regimes and will include further harmonization measures.\footnote{Id.} These proposals will include the portability of legally acquired content, the harmonization of exceptions (among which those related to research and education), and the
clarification of the rules on ISPs' activities in relation to the copyright protection. Moreover, enforcement of intellectual property rights will be modernized by “focusing on commercial-scale infringements (the 'follow the money' approach) as well as its cross-border applicability.”

The initiative is estimated to reach completion by 2016. Therefore, important changes in EU copyright law may be expected in the current year and the following one.

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305 Id.
Chapter 4

National Enforcement in EU Member States:
the French and Italian Models
and the Search for New Solutions
4.1. From the European Framework to the National Implementation

As discussed in the previous chapter, since the Green Paper on Copyright of 1988, the European Union has tried to guide Member States through a process of harmonization of copyright law. In the harmonization process, Member States were called to make a choice among the measures they considered more appropriate in order to ensure an effective enforcement of digital copyright. Among the various Directives that have been adopted by the European Parliament and the Council, the Directive 2001/29/EC (“InfoSoc Directive”) was the one that more closely dealt with the copyright protection on the Internet. On the one hand, one could appreciate that the harmonization machinery has produced a certain acquis communitaire in the field of copyright; on the other, this has produced mixed results.¹

A perfect example of them are the systems of copyright enforcement on the Internet adopted by two countries, France and Italy, in implementing the InfoSoc Directive. The two systems are characterized by some similarities. In both the French and Italian cases, the systems are run by two public independent authorities, HADOPI and AGCOM, respectively. In the French case, a new authority was created, while in the Italian case, a preexisting authority found its already existing powers to include the copyright enforcement on the Internet.

More evidently, the systems are apart from each other due to many differences. The French system is based on the end-user liability and is of a broad scope, while the Italian system instead focuses on sanctions against Internet Service Providers (ISPs) and has a narrower scope. Also the steps of enforcement and the actors involved therein are poles apart. Dissimilarities can also be noticed on the issue of ISPs liability as interpreted by national courts. Lastly, the two systems, as measured by official reports and studies, diverge with regards to their efficiency.

4.2. Where the Legitimacy on Internet Copyright Laws Resides

4.2.1. Haute Autorité pour la Diffusion des Œuvres et la Protection des Droits sur l'Internet (HADOPI)

4.2.1.1. The Law Establishing HADOPI Under Sarkozy Government (“Loi HADOPI”)

In 2009, during the Presidency of Nicolas Sarkozy, a law was passed in order to complete the French implementation process of the EU Directive 29/EC/2001 and create the Haute Autorité pour la Diffusion des Œuvres et la Protection des Droits sur l'Internet (HADOPI). The first attempt to regulate copyright enforcement on the Internet did not coincide with the Loi HADOPI, rather it dates back to 2005 with the adoption of the DADVSI bill. This law provided, inter alia, for fines against peer-to-peer users, whose amount depended on whether users were downloading or sharing copyrighted works, and criminal liability of editors of software, when the latter was “obviously” construed to make copyrighted works accessible to an unauthorized public. The former provision appeared de facto unenforceable without the establishment of a monitoring system; while the latter seemed too undefined and based on subjective interpretation. The bill also failed to define whether downloading itself constituted an unlawful act.

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2 The process of implementation was already started in 2006 with the Loi n° 2006-961 du 1er août 2006 relative au droit d’auteur et aux droits voisins dans la société de l’information (“loi DADVSI”).
6 Geiger, supra note 4, at 393.
7 Id.
or not. To mend this incompleteness, in 2007 a report was commissioned. That report would have given rise to the so-called “HADOPI 1.”

Following the standard legislative procedure, the law was adopted by the majority in the National Assembly and the Senate, promulgated by the President of the Republic and signed by the Head of the Executive. Article 5 of the Loi HADOPI, in modifying the Intellectual Property Code, defined the structure of and established the powers and competences reserved to HADOPI. HADOPI is defined as an independent public authority that carries out three missions: (i) the encouragement of the copyrighted content legally online, (ii) the protection of works and attached rights on online networks, and (iii) the regulation of the technical measures in order to protect and identify copyrighted works. The first objective is realized not only as a mere consequence of the latter two, indeed HADOPI instituted a system of labeling which allows websites complying with certain requirements to display a label (“Offre Légale HADOPI”) indicating that the website offers copyrighted content legally. The other two objectives are pursued through a system of graduated response, which is defined a pedagogical system that reminds users to obey the law through warning messages.

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8 Id. at 390.
10 Loi HADOPI Article 5.
11 Code de la Propriété Intellectuelle Article 331-12 as modified by Loi HADOPI Article 5.
12 Code de la Propriété Intellectuelle Article 331-13 as modified by Loi HADOPI Article 5.
4.2.1.2. Proposals to transfer HADOPI Powers to the Conseil Supérieur de l'Audiovisuel

Pierre Lescure, journalist and president of the Cannes Film Festival, presented to the President of the Republic François Holland a government-commissioned report, which well represents the sum of various critiques accompanied by proposals to transfer HADOPI’s powers to the Conseil Supérieur de l'Audiovisuel (CSA).\(^\text{15}\) Created in 1989, the CSA regulates and has the power to censor the various electronic media in France, such as radio and television.\(^\text{16}\) First of all, the rapport stresses how the need to reinforce and extend the scope of technological protection measures to software, public domain works, and information technical measures, requires the intervention of the CSA, which has much broader regulatory competence on the matter.\(^\text{17}\) Second, it appears undesirable, for both considerations of consistency of public action and to avoid excessive expenses, to maintain an independent administrative authority whose activity is limited to fight against illegal downloading.\(^\text{18}\)

Although the Ministry of Culture Aurélie Filippetti welcomed the rapport and sustained the transfer of powers from HADOPI to CSA in 2013,\(^\text{19}\) the current French Ministry of Culture Fleur Pellerin recently communicated that such transfer is no longer the Governmental priority.\(^\text{20}\)

\(^{15}\) A transfer of HADOPI’s competences to the CSA would make the CSA closely resemble the Italian Autorità per le Garanzie nelle Comunicazioni (AGCOM), which has competencies on both the regulation of electronic media and copyright enforcement on the Internet.

\(^{16}\) Loi n° 89-25 du 17 janvier 1989 modifiant la loi n° 86-1067 du 30 septembre 1986 relative à la liberté de communication.


\(^{19}\) Boris Manenti, Filippetti: La Loi Sur L’Audiovisuel, “Une Garantie Démocratique”, Nouvel Observateur, Jul. 7, 2013,
4.2.2. Autorità per le Garanzie nelle Comunicazioni (AGCOM)

4.2.2.1. Deliberation No. 680/13/CONS

On March 31, 2014, the Italian “Regulation on the protection of copyright on electronic communications networks” (hereinafter “Regolamento”), annexed to Resolution No. 680/13/CONS, entered into force. The Regulation was the result of a process started 2010 in which AGCOM carried out three public consultations, a one-day workshop with all stakeholders involved in various businesses and meticulous preparatory works.

The objectives that the Regulation pursues are similar to the ones set in the Loi HADOPI. On the one hand, AGCOM aims to develop a legal offer of digital works over the Internet; on the other, it protects copyrighted works through administrative proceedings before it. In order to pursue the first objective, the Authority aims to adopt “positive” measures in order to help the increase the public awareness of legal services. For this reason, it

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21 The process of adoption of AGCOM’s Regulations is very different from the standard legislative process. The Authority is “independent” and does not represent political parties. Deliberations requires a majority of votes for the Authority’s deliberations, and in case of a tie the vote of the President prevails. Regolamento Concernente l’Organizzazione Ed Il Funzionamento Dell’Autorità Per Le Garanzie Nelle Comunicazioni, Allegato A alla Delibera n. 223/12/CONS, 27 Apr. 2012, Article 10.
22 Notification of them was made to the competent offices of the European Commission in accordance with the provisions of Directive 98/34 (the Transparency Directive), which triggered a debate within the European institutions and among consumers, service providers and copyright holders on this matter.
23 Fifty-six contributions were sent to the Authority and a hearing period of five weeks was schedule between September and October 2013. As AGCOM underlined, the issues addressed during the public consultations impacted on the final text of the Regulation, particularly the ones relating to the objective and subjective scope of the intervention, the manner of reporting, the timing of the procedure and the executive measures. AGCOM, Annual Report On The Activity Carried Out And On The Work Programmes 245-46 (2014), http://www.agcom.it/documents/10179/2853616/RA14_Eng_Cap_1/362958ea-30ef-46df-b682-181a4bedfcee.
24 Federico Marini-Balestra & Riccardo Tremolada, Enforcement Of Online Copyright In Italy: The New Regulation Adopted By The Italian Communications Authority, 2 I.P.Q. 143, 148 (2014).
25 The adoption of “negative measures,” i.e. that would restrict the freedom of contract to services labeled as “legal,” is excluded from the powers of the Authority. Andrea Stazi, Il
established a Committee that focuses on identifying various forms of auto-
regulation and initiatives directed to educate users and promoting the legal offer.  

4.2.2.2. Problems of Legitimacy

The overall period preceding the issuance of the Regolamento was charac-
terized by a heated debate on whether an administrative regulatory au-
thority had legitimate power to issue a copyright regulation and enforce it. Various subjects that took part in the public consultation claimed that AGCOM lacked of any power to declare whether an online conduct is unlawful, because such power is exclusively reserved to the Administration of Justice. They also argued that AGCOM did not have power to enjoin or remove content, which are specifically reserved to the Criminal Courts. Although the legal panorama that demarcates AGCOM’s power appears fragmented, it would be improper to say that AGCOM’s action was carried on in a legal vacuum.

As addressed by the former President of AGCOM Corrado Calabrò, in response to the first criticism of AGCOM’s legitimacy, there are three laws that when read together determine AGCOM’s powers. First, art. 182-bis of the law n. 644/1941 conferred to the Authority a general power of surveillance on copyright protection. It is unquestionable that this

Regolamento Di Cui Alla Delibera N. 680/13/Cons Dell'Agcom Per La Tutela Del Diritto D'autore In Rete, 2 Rivista di Diritto Industriale, 13 (2014).

Id.

Marini-Balestra & Tremolada, supra note 24, at 143.


Id.

Marini-Balestra & Tremolada, supra note 24, at 146.


L. n. 644/1941, Article 182-bis empowers both AGCOM and the Italian Society of Authors and Publishers (SIAE), within their competencies, with the power of supervision

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provision gives AGCOM monitoring power over copyright infringements in order to prevent their actual fulfillment. What seems more doubtful, however, is whether AGCOM has also the power to adopt restrictive measures necessary to prevent those infringements. On the one hand, one could argue that such power is not explicitly stated and thus cannot be exercised. On the other, the so called “implicit powers theory” could justify that the secondary provisions issued by AGCOM are legitimate because the lawmakers established only the laws general goals, therefore delegating the issuance of a more detailed discipline to the Authority.

Second, Article 32-bis of Legislative Decree n. 177/2005, after imposing on service media providers an obligation to respect copyright in the exercise of their activities, recognized, in addition to the general power of surveillance and inspection, the power of AGCOM to issue regulations to the extent necessary to make the service media providers comply with this article. Third, the Legislative Decree n. 70/2003 which implemented the Electronic Commerce Directive 2001/31/CE, stressed that the administrative authority has, vis-à-vis the judicial authority, the power to ensure that the service providers prevent or put an end unlawful activities, once they are informed about the unlawfulness of the content.

More generally, AGCOM’s legitimacy in dealing with Internet copyright is supported by its institutional role. The Authority is responsible for the “reproduction and publication of works by any means of audio-visual, phonographic and any other media.”


35 *Id.*


37 AGCOM, *supra* note 34, at 16.

38 Introduced by the D.Lgs. n. 44/2010.

39 D.Lgs. n. 177/2005 Article 32-bis.

40 D.Lgs. n. 70/2003 Articles 14(3), 15(3), and 16(3).
for regulating the electronic communications sector and guaranteeing the fair functioning and use of electronic communication networks by all actors involved, from access providers to final users.\textsuperscript{41} This includes the regulation of conduct for ISPs which is aimed at achieving those goals, including measures on copyright infringements.\textsuperscript{42}

At a time in which the public consultations were already set, before the Regolamento was issued by AGCOM, the President of the Chamber of Deputies Laura Boldrini addressed the necessity to reach an agreement in Parliament that would allow the legislative body to issue a law on online copyright that would take into account different rights and interests.\textsuperscript{43} The Regolamento was issued anyway in December 2013\textsuperscript{44} and the debate over its legitimacy continues.\textsuperscript{45}

Some authors addressed the issue of legitimacy in more vehement tones, affirming that AGCOM overturned the Montesqueuian principle of separation of powers because it took over power from the Parliament (when issuing the Regolamento), from the Government (when executing it), and from the Administration of Justice (when applying its provisions).\textsuperscript{46} As a response to the (re)heated debate over the legitimacy of the Regolamento, the President of AGCOM Angelo Marcello Cardani stressed that “AGCOM

\begin{itemize}
\item \textsuperscript{41} L. n. 249/97 and ex D.L. 259/2003, also known as “Electronic Communications Code.”
\item \textsuperscript{42} AGCOM, supra note 34, at 18.
\item \textsuperscript{43} Boldrini Gela L’Agcom: “Sul Diritto D’autore Online Decide Il Parlamento”, La Stampa, Nov. 14, 2013, http://www.lastampa.it/2013/11/14/tecnologia/boldrini-gela-lAgCom-sul-diritto-dautore-online-decide-il-parlamento-SsAIMU12QpMoeRXvJtPUzN/pagina.html. It has to be noticed, however, that the slow Italian parliamentary process did not look for an enforcement system to protect copyright online for more than twelve years (since the EU Directive 2001/29/EC was put in place), nor did it seem to have put much effort in formulating legislative proposals. In the last legislature, only four proposals (not yet examined) on this matter were presented to the Senate. Ricerca Nelle Schede Dei Progetti Di Legge [Research on Legislative Proposals] (keyword: “diritto d’autore”), http://www.senato.it/ric/sdd/nuovaricerca.do?params.legislatura=17.
\item \textsuperscript{44} Regolamento in Materia di Tutela del Diritto d’autore sulle Reti di Comunicazione Elettronica, Delibera 680/13/CONS.
\item \textsuperscript{45} An action has been brought by various Italian Consumers’ Associations before the Tribunale Amministrativo Regionale per il Lazio, which remanded to the Constitutional Court the question of whether the laws from which the Regolamento derives are unconstitutional. TAR Lazio, Ordinanza N. 02184/2014 REG.RIC. (Sep. 9, 2014).
\item \textsuperscript{46} Guido Scorza & Alessandro Gilioli, MEGLIO SE TACI (2015).
\end{itemize}
has never manifested any intention to legislate” and it did not intend to replace the parliamentary action. Rather, AGCOM’s Regolamento is a stopgap necessary to obviate to the inertia of the Italian Parliament. When the Parliament will decide to take action and legislate on the matter, the Regolamento will be ispo facto replaced.

4.3. Comparing the Systems: Sanctioning the ISPs and/or the End-Users?

4.3.1. The French “Graduated Response” System

Similarly to the Italian system, the French system designates an independent public authority to deal with enforcement of copyright on the Internet. Unlike the Italian system, however, the French system does not focus on ISPs liability, it rather features a system of graduated response that is directed to end-users. The graduated response system provides for three warnings: the first two have a preventive effect, the third one has a repressive effect. The copyright holder is required to send HADOPI a notice in order to start the proceeding. The notice shall contain relevant information to identify the infringement: the IP address where the allegedly infringing content was hosted, the IP of the alleged infringer, and the date

48 See supra para. 4.1.1.2.
49 See supra para. 4.1.1.1.
52 Similar to AGCOM, HADOPI does not act sua sponte and requires the participation of the copyright holder. HADOPI Graduated Response System, supra note 13. In the French case, however, specific companies such as the Trident Media Guard (TMG) were designated to detect online infringements. Reports produced by this companies, identifying, inter alia, the infringing contents, the IP address on which infringements occur, the user name of the infringer on P2P network, are sent to copyright holders who can then start a proceeding to the HADOPI. Thierry Rayna & Laura Barbier, Fighting Consumer Piracy With Graduated Response: An Evaluation of the French and British Implementations, 6 Int'l J. Foresight & Innovation Pol'y 294, 311 (2010).
and time of the alleged infringement. These facts are then reviewed by the Rights Protection Committee, an autonomous body within the HADOPI responsible for the implementation of graduated response. Within two months, the Committee can ask the ISP to identify the end-user and can send the first warning by email to the end user. The first notice is highly likely to dissuade the end user to reiterate the conduct. During the entire process, HADOPI does not disclose the end-user identity to the copyright owner. If within six months of receiving the first notice a subscriber is alleged to have infringed on a second occasion, the Committee sends to the user the second warning e-mail coupled with a return receipt requested letter. If the user reiterates the conduct within one year after the second warning, the Committee sends a return receipt requested letter informing the user that these facts are subject to criminal prosecution, and the Criminal Judge can order the end-user to pay a fine up to €1500.

4.3.1.1. The Surveillance System

Although the graduated response system is designed to start upon the request of the copyright holder, it is undoubtedly supported by a surveillance mechanism put in place by two main actors, the Sociétés de Perception et de Répartition des Droits (SPRD) and the Trident Media Guard (TMG). The first is a group of collective right management societies,
the second is instead a corporation selected to track anti-piracy activities on behalf of HADOPI. Based on a list of works sent by the SPRD, TMG calculates for each work a unique imprint that identifies the shared illegal files that are identical to the original works. TMG proceeds to build a record of IP addresses that made the file available (“incidents”), which are signed by TMG officers and then transmitted to HADOPI.

The French National Commission on Informatics and Liberty (CNIL), which has inspection and investigations powers to make sure that Information Technology systems and applications comply with the law and certain security standards, addressed concerns about what happens behind the scenes of the HADOPI system. A first concern was the automation of the TMG system, which, on the one hand granted a high number of reported “incidents” (25,000 to 150,000 per day), but on the other lacked a procedure to detect abnormalities in the findings. A second critique focused on the HADOPI’s actions in response to TMG findings: HADOPI limits its action to accepting or rejecting the reports submitted, without any verification. CNIL found it improper that HADOPI bases the sending of the first warning (and thus the start of the graduated response proceeding) solely on TMG findings, as their legal certainty appears fragile unless the TMG system is “approved” by a trusted third party. A third concern arose after a data leakage occurred at TMG, which was caused by inadequate security measures. In response, HADOPI decided to suspend the collection of IPs from the société anonyme until this event blew over.

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64 Id.
65 Id. at 6.
66 Id.
67 Fuite De Données Chez La Société Chargée De Surveiller Les Réseaux P2P, Le Monde,
4.3.1.2. ISPs Liabilities: Notice and “Stay Down” Injunctions

French Courts, as well as the Italian ones, encountered many difficulties in defining the regime of ISPs liability exclusion. The EU E-Commerce Directive and subsequent decisions of the Court of Justice of the European Union offered a precise schema to which national laws (and jurisprudence) had to conform; nevertheless, both the French and Italian Courts ruled to expand the regime of ISPs liability. From 2007, various cases configured a praetorian obligation to prevent the re-appearance of the already notified illicit content. In 2007, the Tribunal de Grande Instance of Paris found that, in order to avoid liability under the French law, Google had an obligation to prevent the re-upload of the material already notified. On the same line, in 2010 the Tribunal de Grande Instance of Créteil ordered Youtube to install on its website an “effective and immediate filtering system of videos” whose distribution was or would be notified by Plaintiff INA. The Cour d’Appel (Court of Appeals) of Paris also took into account the presence of measures of caution and warning aimed at preventing copyright infringements as factors to mitigate the liability of video-sharing websites. The Cour de Cassation (Supreme Court) put an end to the monitoring obligation holding that the Cour d’Appel violated the

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69 See infra para. 5.2.2.2.


72 *Roland Magdane et autres v. Daily Motion*, Cour d’Appel de Paris Pôle 5 [regional court of appeal], 1ère chambre, Oct. 13, 2010. “Taking into account that the Daily Motion has built its commercial success on the massive piracy of protected content, (...) [this] needs to be tempered when the operator undertook caution and warning measures aimed specifically at preventing copyright infringement.”
French law when it imposed on Google an obligation to prevent further posting of infringing videos without the need for copyright holders to report them. The Court found that the measure of requiring a filtering system without limitation in time is disproportionate and is equivalent to “general obligation to monitor” the images that Google stores and search for illegal online contents. In rendering its decision, the Cour de Cassation was probably aware of the CJEU decision in the Scarlet v. SABAM case, which occurred only three months beforehand. Although today the exclusion of ISPs liability under the conditions of the EU E-Commerce Directive is established case law in France, HADOPI recently proposed a way out from this strict regime, asserting the possibility to issue specific “stay-down” notices (injonctions de retrait prolongé). As provided by the rapport of the President of HADOPI, such notices would contain the precise identification of the infringing content, be suitable for copyright holders who already notified the ISP, and be limited in time to a period of less than six months. ISPs will be given the possibility to start an adversarial proceeding with HADOPI to determine the feasibility and proportionality of the measures, taking into account their physical, organizational, and financial burdens. The measures requested would not be of an absolute character, as the notice would only imply that “reasonable diligence is exercised so that to allow, given the current state of technology, the

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75 Prohibited, inter alia, by Article 15 of the E-Commerce Directive.
76 Google France et al. v. Bach Films, supra note 74.
77 Scarlet Extended SA v. Société belge des auteurs, compositeurs et éditeurs SCRL (SABAM), Case C- 70/10, CJEU Judgment (Third Chamber), Nov. 24, 2011. ¶ 40, holding that the injunction imposed on the ISP requiring it to install a filtering system in order to prevent any future infringement of intellectual-property rights would require the ISP to carry out general monitoring, which is prohibited by Article 15(1) of Directive 2000/31.
79 Id.
80 Id.
prolonged stay-down of the infringing content.” According to the President of HADOPI, the characteristics of definite time and specificity would necessitate that the measures do not impose a “general obligation to monitor” and thus would not be prohibited by EU law. Furthermore, the rapport points out that platforms will highly likely accept the prolonged stay-down notices. Last March, the current Ministry of Culture Fleur Pellerin reinforced the necessity of a new plan of action against online piracy. This idea was welcomed by the National Syndicate of Phonographic Publishing, which insisted that the Ministry put into law the proposal for the specific stay-down notices. Also the Conseil d’État (Council of State), which advises the Government on the preparation of bills and is the highest administrative jurisdiction, expressed a favorable opinion on the proposal.

4.3.1.3. Sanctioning the End-User

HADOPI system, unlike the AGCOM’s, focuses its target on end-users. There were two measures directed to the end-users available at the time the Loi HADOPI was passed. The first one provided (and provides) fines ranging from €150 to €1500 directed to end-users who do not conform to the first two warnings and are found to infringe a third time. Specifically, HADOPI gives notice of the reiterated violation to the procureur (the public prosecutor responsible for prosecuting criminal cases) who will start a criminal proceeding against the end-user and issue fines. Until today, only one person has been sanctioned. In particular, the person was charged with

81 Id.
82 Id. at 20-21.
83 Content recognition technologies to prevent the recurrence of previously identified infringing content “are already voluntarily used by some platforms, so they are accepted by them and incorporated into their business” (emphasis added). Id. at 21 para. 6.
86 This supports the view that the HADOPI’s effectiveness is due to its educative effect rather than to a punitive one. See infra para. 4.3.1.
gross negligence, namely the negligence that arises when a person has failed, without good reason, to put in place means of security or lacked of diligence in the implementation of this method.\textsuperscript{87} The case attracted the attention of the media because the individual so charged and the €150 fine recipient was the Internet subscriber and not the actual infringer.\textsuperscript{88}

The second measure, providing a cut-off of the user from the access to the Internet, was held to be unconstitutional by the Conseil Constitutionnel (Constitutional Court) in 2009.\textsuperscript{89} The Conseil Constitutionnel, after recognizing that the free communication of ideas and opinions is one of the most precious rights of man, addressed that this freedom includes the freedom to access online communication services.\textsuperscript{90} The Parliament superseded its authority when giving an administrative body the powers to restrict or prevent access to the Internet in order to protect the rights copyright holders related rights.\textsuperscript{91} The same concern was addressed in an Amendment to the EU Directive 2002/21/EC (Framework Directive).\textsuperscript{92}

\begin{footnotes}
\item[87] HADOPI, \textit{Qu'est-Ce Que L'infraction De Négligence Caractérisée?}, http://www.hadopi.fr/en/quest-ce-que-l-infraction-de-negligence-caracterisee.
\item[90] Conseil Constitutionnel [Constitutional Court], Decision No. 2009-580 DC, Jun. 10, 2009, ¶ 12.
\item[91] \textit{Id.} at ¶ 16.
\item[92] Amendment to Article 1(b) of Directive 2002/21/EC provides that: “Measures taken by Member States regarding end-users access’ to, or use of, services and applications through electronic communications networks shall respect the fundamental rights and freedoms of natural persons, as guaranteed by the European Convention for the Protection of Human Rights and Fundamental Freedoms and general principles of Community law.” Moreover, it requires effective judicial protection, due process, and presumption of innocence.
\end{footnotes}
4.3.1.4 Website Blocking Injunctions (And More)

While in Italy website blocking measures can be issued by Courts as well as by AGCOM, in France judicial proceedings are the only possible medium to obtain such measures. Between 2013 and 2014, the Tribunal de Grande Instance of Paris issued two important decisions on the matter. In the Allostreaming case, the Tribunal ordered French ISPs to implement “all appropriate measures to prevent access by any effective means, including the blocking of domain names.” After asserting its power to issue orders directed to search engines, the Tribunal ordered search engines (inter alia, Google, Microsoft and Yahoo!) to “take all measures to prevent the appearance on their services of any response and any results referring to one of the pages of the infringing websites.” The Tribunal reasoned that the impossibility to easily find these websites through search engines may discourage users to search for them, since they have to write the URL themselves. A similar reasoning supported an earlier decision of the Cour de Cassation holding that the Cour d’Appel erred in determining that Google could not be obliged to exclude from its research “torrent” “megaupload” and “rapidshare” keywords because not all of the websites found were infringing and such measures were not effective and easy to circumvent. The Court recognized that such measures could indeed make it more difficult for users to search the infringing websites.

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93 See infra para. 4.2.2.1.
94 Article L.336-2 du code de la propriété intellectuelle specifies that in the presence of an infringement of a copyright or related right caused by the communication to the public of content through an online service, the high court, acting where appropriate in summary proceedings, may order all appropriate steps to prevent or stop such infringement of copyright or related rights, directed to anyone who might help to realize them. The French law, differently from the Italian law, does not give this power also to the independent public authority. Cfr. infra note 113.
95 APC et autres v. Auchan Telecom et autre, Tribunal de Grande Instance de Paris [ordinary court of original jurisdiction], Nov. 28, 2013.
96 The Tribunal specified the list of websites that had to be blocked and that such measures had to be taken in the French territory. Id.
97 Referring to Article L.336-2 du code de la propriété intellectuelle, the Tribunal pointed out that measures to protect copyright may be directed to anyone who may contribute to realize them (toute personne susceptible de contribuer). Id.
The Tribunal de Grande Instance of Paris ordered both ISPs and search engines to implement these measures within fifteen days of the decision and to give plaintiffs notice of their completion. A twelve-month duration was provided for these measures to prevent them from becoming obsolete. In the *The Pirate Bay* case, the Tribunal de Grande Instance left the choice of the blocking technique to ISPs. Similar to the *Allostreaming* case, the measures to be implemented within fifteen days from the decision had a duration of twelve months. The Tribunal, citing *Telekabel*, dismissed the ISPs claim regarding the possible inefficiency of the ordered measures, finding that although it is true that any blocking measures can be circumvented, it is not established that the vast majority of Internet users have the time and skills to circumvent such measures. The Court referred to *Telekabel* also in holding that the cost incurred by the measures to be taken was not to be supported by the ISPs but by the right holders.

4.3.2. The Italian Notice and Take-Down System

4.3.2.1. The Ordinary Proceeding and the Expedited Proceeding

In order to start the procedure before AGCOM, a specific on-line request must be sent by the copyright holder to AGCOM. AGCOM does not start procedure *ex officio* and the procedure is not available if an

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100 However, as in the *Allostreaming* case, the Tribunal specified the websites to be blocked and the territoriality of the measures. *Id.*
101 *Telekabel Wien GmbH v Constantin Film Verleih GmbH and Wega Filmproduktionsgesellschaft mbH*, Case C-314/12, CJEU Judgment (Fourth Chamber), Mar. 27, 2014, ¶ 60-62 : “[I]t is possible that a means of putting a complete end to the infringements of the intellectual property right does not exist or is not in practice achievable, as a result of which some measures taken might be capable of being circumvented in one way or another” and that the measures must only have “the effect of preventing unauthorised access to the protected subject-matter or, at least, of making it difficult to achieve and of seriously discouraging internet users who are using the services of the addressee of that injunction from accessing the subject-matter made available to them in breach of that fundamental right.”
102 *Id.*
103 The right holder can attach to the request “any relevant documentation to prove ownership of the right.” Regolamento Article 6(2).
ordinary proceeding before a civil court is already pending.\textsuperscript{104} The scope of the Regulation explicitly takes into account a system of fair use based on the exceptions contained in the Italian Law On Copyright.\textsuperscript{105} The procedures provided for in the Regulation are inspired by a concern to combine respect for fundamental rights and efficiency.\textsuperscript{106}

On the one hand, once the alleged copyright holder has filed an online request with the Authority, a notice is sent to the identifiable ISP, to the uploader, and to the website administrator.\textsuperscript{107} Such communication, issued within seven days from the request unless the claim is found without merit after an investigation, contains the exact designation of the works whose copyright is allegedly infringed, the laws which are allegedly violated, and a summary exposition of the evidence. The recipients of such communication have the possibility to comply spontaneously with the request, and thus to determine the dismissal of charges, or to file counterclaims within five days from the notice.\textsuperscript{108} If counterclaims are filed, the docket is sent to the AGCOM decision committee, along with the proposal for the decision.\textsuperscript{109}

On the other hand, efficiency is served through the speed of the proceeding. Within thirty-five days of finding the request sent by the copyright holder meritorious, the Authority sends the ISP an order indicating the appropriate measures to be taken, which has to be complied within three

\textsuperscript{104} Although AGCOM was highly criticized and defined as “the sheriff of the web,” (Fulvio Sarzana, Il Fatto Quotidiano, Agcom, il nuovo sceriffo del web non ascolta critiche, October 7, 2013) the absence of sua sponte interventions to enforce copyright would make it resemble better a 911 emergency call, as its intervention, which is upon the copyright holder request, ensures a fast proceeding to have an infringing content taken down from the web.

\textsuperscript{105} Regolamento Article 2(2) makes referral to the exceptions of artt. 65 e 70 law no. 633/1941. Therefore the procedure does not apply to: i) use in education and science; ii) the right to report, comment, criticism and discussion within the limits of the purpose of information and news; iii) in the case of absence of the purpose of trade and profit; iv) in connection with the occasional diffusion, measured on the quantity and quality of content widespread, which does not affect the normal exploitation of the work.

\textsuperscript{106} Andrea Stazi, Il Regolamento Di Cui Alla Delibera N. 680/13/Cons Dell’AGCOM Per La Tutela Del Diritto D’autore In Rete, 2, Rivista di Diritto Industriale, 13 (2014).

\textsuperscript{107} Id. Article 7(1).

\textsuperscript{108} Id. Article 7(3) and (4).

\textsuperscript{109} Id. Article 7(6).
days. In case the server is hosted outside the Italian boarders, the ISPs can be ordered to disable the access to the website. In addition, the Authority may order the providers to redirect requests for access to the Internet page that hosts the infringing content to another webpage containing the legal distribution of that content. Efficiency is key, particularly in case the facts themselves configure a case of serious infringement of the rights of exploitation of a digital work or a case of massive infringement. In such cases, an expedited proceeding is followed and all the terms are reduced to three or maximum five days. Some authors recognized that such very fast track could be an extremely useful tool for copyright holders, while others addressed concerns about due process violations before the European Commission. Given that AGCOM has legitimate basis to set up such a shortened procedure, however, AGCOM should always take balancing decisions in order to avoid excessive and unjustified restrictions of distribution rights.

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110 Id. Article 8(2). However, Article 12(2) gives the Authority discretion to extend the terms when an investigation is necessary or to assess particular complex claims.
111 Id. Article 8(4).
112 Specifically, Regolamento Article 9 provides that the Authority will send a notice to the ISPs, uploader, and website administrator within three days from the receipt of the request; possible counterclaims are due within three days from the notice; the Authority’s decisions issued within twelve days from the request, and compliance with them is expected within two days.
113 Niccolò Rinaldi (Alliance of Liberals and Democrats for Europe) asked the European Commission whether the AGCOM Regulation was constituting a risk to the freedom of expression, as guaranteed by international human rights instruments and also threatening the due process and nulla pona sine lege principles protected by Articles 6 and 7 of the European Charter of Fundamental Rights. Question for written answer E-010183/13 to the Commission, Niccolò Rinaldi (ALDE), 12 Sep. 2013. On January 28, 2014, the Commission announced the end of the notification procedure started by AGCOM and stated that it did not have “any comment to make on the Regulation,” http://www.agcom.it/documents/10179/1441406/Documento+generico+26-06-2014/7fe79b38-992e-445e-b09c-f5578?version=1.1.
114 The power to set up a shortened procedure is given by articles 14 e 16 of the Decree stating that “The judicial or administrative authority . . . can require, even urgently, the service provider to terminate or prevent the violations committed” (empasis added).
115 Giuseppe Mazzapesa & Lamberto Schiona, New Italian Rules For Online Copyright Enforcement, 19 No. 4 Cyberspace Law. 13 (May 2013).
4.3.2.2. AGCOM's Orders and ISPs Liabilities

The orders issued by AGCOM are directed exclusively to providers of information society services, in particular to service providers operating within the mere conduit or hosting activities, and media services providers. In other words, no orders are issued by AGCOM to the website administrator or to the end-user, both which remain free, however, to voluntarily present counterclaims to protect their rights. In the case the ISP does not comply, AGCOM can issue the financial penalties provided for in a general article 1, paragraph 31 of law no. 249/1997. This means administrative fines, which amount, between €10.329 and €258.228, is determined based on criteria of gradualness, proportionality, and adequacy. In order to avoid the risk of such fines, service providers are highly likely to comply with the orders within the requested time.

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116 D.L. n. 70/2003 Article 14 provides that (i) the ISP who performs a mere conduit or access provider activity, shall not be liable for the transmitted information, if it does not initiate the transmission; select the receiver of the transmission; select or modify the information contained in the transmission; (ii) the act of transmission and the provision of access referred to above include the automatic, intermediate and transient storage of the information transmitted in so far as this takes place for the sole purpose of carrying out the transmission in the communication network, and provided that the information is not stored for any period longer than it is reasonably necessary for the transmission.

117 D.L. Article 16 provides that intermediary provider who performs hosting activity shall not be liable for the stored information at the request of a recipient of the service, if two conditions are met: (i) it does not have actual knowledge of illegal activity or information and, as regards claims for damages, is not aware of facts or circumstances from which the illegal nature of the activity or information is apparent; (ii) upon obtaining such knowledge or awareness, he acts expeditiously to remove or to disable access to the information.

118 The Consolidated Text of Audiovisual Media Services and Radio Article 2(1)(a)(1) defines a media service provider as: “a service as defined by Articles 56 and 57 of the Treaty on European Union, which is under editorial responsibility and whose main objectives are the offer of programs in order to inform, entertain or educate the general public through the electronic communications networks.”

119 Their voluntary intervention, however, does not impact on their possible liability, which is always excluded.

120 Regolamento Article 8(6) applies to hosting or mere conduit, Articles 13 and 14 to media providers.

121 Some authors addressed the risk that ISPs mere compliance with AGCOM’s orders would exclude any considerations relating to copyright limitations – such as criticism, review, and parody – because no one taking part in the proceeding would have an interest in addressing such matters. See Eleonora Rosati, Searching Responsibilities For Service Providers: Italian Courts And AGCOM Find (Too) Many Results, Ent. L.R. 2011, 22(6), 169-174, 173 (2011).
Since the Regulation does not impede right holders to start a proceeding before an Italian Court,\(^{123}\) it appears necessary to make referral to Italian Tribunal and Court of Appeal’s decisions in order to draw the lines of service providers’ liabilities.\(^{124}\) One of the first decisions on this matter and consistent with the E-Commerce Directive subsequently adopted, dates back to 1997, when the Tribunale di Cuneo found that the service provider that limits itself to allowing the access to the net, as well as the space on its own server for the publication of informative services carried out by the information supplier, is not liable in the event of copyright infringements that the supplier performs.\(^{125}\) All subsequent Italian decisions on service providers’ liabilities are based on the interpretation of the European E-Commerce Directive, as implemented by the Legislative Decree no 70/2003. Although the provisions of such a Decree clearly defined the area of service providers non-liability, Italian courts started developing a heterogeneous interpretation of them and ISPs liability soon became the most discussed issue in the area of Internet copyright enforcement.\(^{126}\)

A first controversial decision was \textit{RTI v. YouTube LLC}, in which the Tribunal rejected the theory of YouTube’s absolute non-liability on the basis of two main points.\(^{127}\) First, YouTube Rules themselves, which provide, \textit{inter alia}, the provider’s right to control the contents, its absolute

\(^{123}\) AGCOM makes it clear that the intervention of the Authority is proposed “as an alternative to and not substitute of the courts,” provided the impossibility of the prosecution when a case has been already referred to the judicial authority and the dismissal of the administrative procedure when the subject subsequently brings an action before the judicial authority. Delibera Consiliare n. 680/13/CONS 5.

\(^{124}\) Such a necessity is also due to the fact that AGCOM is not a judicial authority and thus its administrative decisions are strictly based on a literal interpretation of the laws.

\(^{125}\) \textit{Milano Finanza editori s.p.a. c. STB servizi telematici di Borsa}, Tribunale di Cuneo [ordinary court of original jurisdiction], Jun. 23, 1997. \textit{See contra V.L. v. T.V., Netweb S.p.A.}, Tribunale di Napoli [ordinary court of original jurisdiction], 8. Jul. 2002, holding that in case of defamation performed through the contents of an Internet site, the joint liability of the provider subsists, even if he has limited himself to simply host on his own servers the content of the web-pages prepared by the client.


discretion in interrupting the service, and to rescind the contract with its users when it appears no longer lucrative, are in contrast with the asserted nature of mere hosting provider. Second, although the Tribunal recognized that a general monitoring duty and subsequent “objective liability” would be not acceptable, the provider is however secondary liable when knowing that certain suspect material has been uploaded, failed to ascertain the unlawfulness of such content, and to remove it “promptly.”

An ever more debatable conclusion was reached by the Tribunale di Milano in RTI s.p.a. v. Italia On Line s.r.l., where the Tribunal drew a line between “active” and “passive” hosting providers. Services offered today, found the Court, are far from those of “mere technical access” (characterizing “passive” nature of hosting providers), and thus “hosting providers which are not completely passive and neutral with regards to the users’ content management,” and which “frequently undergo lucrative activities thanks to the advertisement connected with the organized presentation of such contents,” are qualified as “active” hosting providers. Similarly to the RTI v. YouTube case, the Tribunal agreed that a hosting provider, no matter if “active,” cannot be required to exercise a monitoring obligation over the content. However, secondary liability can be imposed when the active hosting provider remained inactive even after he received a notice of the infringing content.

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128 Id.
129 Under the “objective liability” or “strict liability” doctrine, a subject may be responsible for an offense, even if it does not derive directly from his behavior and is not due to willful misconduct or negligence of the subject itself.
130 Supra note 127.
132 The Tribunal found that the Italia On Line’s internal notice and take-down system and the indexing function which suggests to users “similar videos” to the one specifically searched by the user, are inidicia of its “active” nature. Id at 42.
133 Id. at 44.
134 Id.
The Judge rejected Italia On Line’s argument that the mere indication of the TV programs infringed (e.g. “Amici”, “I Simpson”) was insufficient to enable the hosting provider to take the appropriate action.\footnote{Giulio Coraggio, Yahoo! Determined To Be a Passive Host, in INTERNET LITIGATION, IP litigator 25 (2015).}

Surprisingly, a similar reasoning was followed in \textit{RTI s.p.a. v. Yahoo! Italia s.r.l.}, finding Yahoo! liable for the content published on its platform. Moreover, the Tribunal seemed to overturn the approach on monitoring obligation, finding that Yahoo! has an obligation to monitor the content in relation to videos that might be published in the future.\footnote{\textit{Id.} at 48. The decision seems also inconsistent with AGCOM’s Regulation, which provides both the copyright holder’s request and AGCOM subsequent order to contain the specific links where the infringing content can be found.} The Court of Appeal of Milan, in reversing the case, rebalanced the Italian jurisprudence in favor of a literal interpretation of the EU E-Commerce Directive on the liability of hosting providers.\footnote{\textit{Id.} at 25.}

In particular, the Court put an end to the indiscriminate classification of “active” hosting provider, finding that providing some functionalities such as a search tool and content management and profiting from such activities is not enough to transform a “passive” hosting provider into an “active” one.\footnote{\textit{Yahoo! Italia SRL v. Reti Televisive Italiane SPA}, Corte d’Appello di Milano [ordinary court of appeal], Jan. 7, 2015, at 9-14.} Also, the Court found that there is no monitoring obligation for hosting providers before the uploading of content,\footnote{In deciding this issue, the Court of Appeal cited at 40 the decision of the European Court of Justice in \textit{ Scarlet Extended SA, supra} note 77, holding that the injunction imposed on the ISP requiring it to install a filtering system in order to prevent any future infringement of intellectual-property rights would require the ISP to carry out general monitoring, which is prohibited by Article 15(1) of Directive 2000/31.} but rather an obligation \textit{ex post} to remove the content upon a notification from the copyright holder. Lastly, the Court made clear, in line with AGCOM’s Regulation, that it the responsibility of the copyright holder to identify and indicate the copyrighted material he
wishes to be removed, and an insufficient and general indication would excuse the ISP from taking down the content.  

4.3.2.3. Massive Infringements and Website Blocking Injunctions

The scope of the Regulation covers infringements committed over both Internet Protocol and media services networks, and, unlike the Loi HADOPI, explicitly excludes the activities of downloading and streaming carried out by end-users and peer-to-peer activities. This, however, does not impede the Authority to take appropriate measures when massive infringements are carried out through the infringing hosting of copyrighted content on websites. Basing its decision on criteria of adequacy, gradualness and proportionality, the Authority starts a shortened proceeding and orders the ISP to block access to the infringing contents or to block access to the website as a whole.

It is exclusively for the Courts to deal with the matters not covered by the Regulation. In case of streaming websites and peer-to-peer activities, in particular, a copyright holder’s claim is not necessarily

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141 Id. at 32, holding that Yahoo! could not have been required to do more than remove the indicated contents. The judgment is consistent with the Opinion of the Advocate General Cruz Villalón in the Telekabel case, supra note 101, at Para 13, stating that “specific measures should only be considered in the enforcement process.”

142 However, the exclusion of such activities does not impede their prosecution in Court pursuant to art.171c(1) of Law 633 of April 21, 1941. See Marini-Balestra & Tremolada, supra note 24, at 149. According to the Authority, “it is of paramount importance to underline that such excluded conducts are still sanctioned by the law.” See Delibera Consiliare n. 680/13/CONS 36 para. 103.

143 The qualification of an infringement as “massive” depends on different factors enumerated by Article 9(3) of the Regulation, among which: (i) the fact that, in relation to the same subject and following a previous instance, the Authority has already decided that there was an infringement; (ii) the significant amount of digital works widespread in violation of copyright or related rights; (iii) the time-to-market of the digital work; (iv) the economic value of rights infringed; (v) the encouragement to use digital works disseminated in violation of the law on copyright; and (vi) the profit in the illegal offer of copyrighted material.

144 As can be seen by an analysis of the Authority’s orders, available at https://www.ddaonline.it/interventi.html, in case of massive infringements the Authority is highly likely to order the ISP to block the access to the website through the DSN within two days from the notice, and to automatically redirect users towards a page which offers the contents legally.

145 As previously mentioned, it the responsibility of Civil Courts also to deal with matters covered by the Regulation, as part of a “double-track” system. See supra para. 4.2.2.2.
required. Rather, some subjects, such as the Italian Financial Guard can operate monitoring activities on the web and denounce to the appropriate Court the illegal use of copyrighted material, thus proceeding with the seizure and blocking of such websites. In a maxi-seizure proceeding of January 2015, an order of the Judge Nicotra, urged by the Financial Guard, allowed 124 streaming websites to be seized and obscured.\textsuperscript{146} Some raised the critique that, given AGCOM’s results, it would take four years of proceedings to block 124 websites.\textsuperscript{147} As the lawyer Fulvio Sarzana stated, this Court decision reheated the debate on “the futility of AGCOM’s Regulation that in almost a year, to exorbitant costs, has made virtually nothing of what it had set.”\textsuperscript{148} Conversely, one could appreciate that AGCOM is not in competition with Courts or the Financial Guard. Rather, it coordinates its activity with these subjects by instituting, respectively, a double-track protection with the ordinary courts\textsuperscript{149} and collaboration with Italian Financial Guard in order to ensure an ample spectrum of coverage over copyright protection and enforcement.\textsuperscript{150}


\textsuperscript{148} \textit{Id.}

\textsuperscript{149} In Italy, ordinary civil proceedings take an average time of 8 years to be completed. OECD, \textit{Giustizia Civile: Come Promuoverne L’Efficienza?}, OECD ECONOMICS DEPARTMENT POLICY NOTES, NO. 18 (Jun. 2013). Thus, AGCOM proceeding can be a fast tool for copyright holders to stop their works from being available illegally on the web. However, a proceeding before the ordinary court is still the only \textit{medium} in order to be awarded damages and possibly identify the infringers.

\textsuperscript{150} In order to regulate the relationship between AGCOM and the Financial Guard, a Memorandum of Understanding (\textit{Protocollo d’Intesa}) was signed on July 15, 2002. This Memorandum defines the matters, including copyright, on which collaboration is expected and gives the power to start investigations to a specific unit within the Financial Guard (\textit{Nucleo Speciale Radiodiffusione Editoria}).
4.4. HADOPI Law, AGCOM Regulation and the UDRP: a Comparison

The HADOPI and AGCOM systems and the UDRP\textsuperscript{151} have similar objectives and characteristics.\textsuperscript{152} First of all, they share the speed of the procedure.\textsuperscript{153} HADOPI’s procedures expeditiousness mainly depends on the reiteration of the end-user infringing activity\textsuperscript{154} and on the detection and report of infringing activities as carried out by TMG.\textsuperscript{155} AGCOM’s proceedings are relatively fast, having the ordinary proceeding a length of thirty-five days of filing and the expedite proceeding one of twelve days of filing.\textsuperscript{156} UDRP disputes are usually solved within sixty days of filing.\textsuperscript{157}

Second, they share effectiveness and limited cost of the mechanism.\textsuperscript{158} The effectiveness of the three is achieved by providing relatively formality-free procedures. With respect to the costs, both HADOPI and AGCOM do not require any filing fee to the right holders. Although UDRP do require initial filing fees, they are very convenient if compared with the ordinary litigation expenses in ordinary court.\textsuperscript{159}

Most importantly, the three systems focus on resolving infringement cases involving basic facts.\textsuperscript{160} For this reasons, however, they have been criticized because for clashing with due process. In all cases, such concerns have been minimized because of the possibility of Court intervention. In the French case, since the criminal sanction is issued by an ordinary criminal court, a right of appeal is granted. In the Italian case, the AGCOM proceeding will stop as soon as (or will not even start if) a civil court is dealing with the infringement at issue. In the UDRP case, the decisions taken by the Panels are not binding on the parties, and thus nothing impedes the parties to resolve the matter before an ordinary court (with potential

\textsuperscript{151} See supra Chapter 2.
\textsuperscript{152} Strowel, supra note 51, at 153.
\textsuperscript{153} Id.
\textsuperscript{154} See supra para. 4.3.1.
\textsuperscript{155} See supra para. 4.3.1.1.
\textsuperscript{156} See supra para. 4.3.2.1.
\textsuperscript{157} See supra Chapter 2 para. 2.4.
\textsuperscript{158} Strowel, supra note 51, at 153.
\textsuperscript{159} See supra Chapter 2 para. 2.4.
\textsuperscript{160} Strowel, supra note 51, at 153.
inconsistency of results between the UDRP and the court decisions, as seen in the Barcelona.com case\textsuperscript{161}).

The sanctioning system however differs from system to system. The HADOPI system provides for criminal sanctions against the end-users after their non-compliance to the third warning.\textsuperscript{162} Both the AGCOM and UDRP systems do not provide for sanctions against the infringers or damages awards, but rather they focus on restoring the situation prior to the infringement. On the one hand, AGCOM issues decisions ordering the ISPs to block access to infringing content;\textsuperscript{163} on the other hand, UDRP panelists decide to transfer or delete an infringing domain name.\textsuperscript{164}

4.5. Measuring the Effectiveness of National Enforcement

4.5.1. HADOPI System As A Boost to the Legal Market?

In its first 18 months of existence, HADOPI transmitted 1,023,079 requests for users’ identification to Internet Service Providers and in 89% of the cases identifications were rendered. More than 470,000 first warnings and 20,500 second warnings were sent to subscribers.\textsuperscript{165} HADOPI’s last report proves that it has proceeded at a good pace so far.\textsuperscript{166} It is evident that the first warning deters users, given that a second warning is sent only if they keep engaging in infringing activities.\textsuperscript{167} According to a poll made in 2010 by BVA, a French market research company, since the passage of the three strikes law, 53% of illegal downloaders have stopped or reduced their

\textsuperscript{161} Supra supra Chapter 2 para. 2.4.4.
\textsuperscript{162} Sanctions have however been applied very rarely. See supra para. 4.3.1.3.
\textsuperscript{163} See supra para. 4.3.2.3.
\textsuperscript{164} See supra Chapter 2 para. 2.4.3.
\textsuperscript{165} HADOPI, supra note 18.
\textsuperscript{167} Id. at 68-69.
infringing habits. Other studies have been made the extent to which, if any, Loi HADOPI constituted a boost to the legal market.

A study made by researchers at Wellesley College and Carnegie Mellon University found that while prior to March 2009 the French iTunes sales trend appeared very similar to the ones of other countries (i.e. Belgium, Germany, Spain, Italy, and UK), the sales started raising in the months following March 2009. The finding of the study suggests that HADOPI law increased annual iTunes revenues by about €9.6 million. Opposing results have been found by researchers at the University of Delaware and University of Rennes. The study, based on self-reported data of 2,000 French internet users, found that of the 37.6% users which admitted to performing illegal downloading activities, the ones who were aware of the HADOPI law declared that it did not discourage their piracy activities. Thus, the researchers attributed the increases in legal purchases exclusively to the “positive educational externalities” surrounding HADOPI law, and not to its deterrent effect.

Should one follow the Machiavelli maxim “we should look to the end, not at the means,” the result reached by HADOPI can be considered positive, no matter whether determined by a deterrence effect or its positive externalities.

170 Id. at 12.
171 Id. at 19.
173 “Neither the decision to engage in P2P nor the intensity of file-sharing are influenced by the perceived probability of detection.” Id. at 18.
174 Id. at 25.
175 “[C]he si habbi nelle cose ad vedere el fine et non el mezo.” Niccolò Machiavelli, Ghiribizzi Scripti In Perugia Al Soderino (1506 ca.).
4.5.2. AGCOM Effectiveness: Why Are Its Numbers So Far From The French Ones?

In the first year of its operation, AGCOM received around 209 requests, 207 of which concerned the procedures relating to the websites, and the remaining two audiovisual media services. The Authority has initiated 134 cases, of which 57% was decided with the ordinary proceeding and 43% with expedited proceeding. In 55% of cases, the proceeding was concluded pursuant to the spontaneous removal of contents. In 35% of cases, all concerning serious violations or massive infringements, the proceedings ended with an order for inhibiting access by blocking DNS.

One could compare HADOPI vis-à-vis AGCOM letting the numbers speaks for themselves. The result, considering their first year of activity, will be astounding: HADOPI issued around 26,000 first warnings per month, while AGCOM’s decisions amount to 11 per month. However, AGCOM’s effectiveness cannot be addressed without considering three important points.

First, if on the one hand AGCOM’s power to impose fines on ISPs can be said to descend by a puzzle of different laws and by the so-called “theory of implicit powers,” no one would interpret these laws in a way that would give AGCOM the power to sanction end-users. End-user liability, in fact, has been classified by the Italian legislator as the consequence of the offense of making available or communicating to the public protected original works, and, as such, an offense has to be proven beyond a reasonable doubt. This is something that has to be determined by the

180 Italian Law no. 633/1941 Article 171(1)(aa) (introduced by Article 3 Legislative Decree no. 7/2005) provides liability for “everyone who makes available to the public by inserting in the system of computer networks through connections of any kind, protected original
Criminal Court, and not by AGCOM.\footnote{\textsuperscript{181}} Since AGCOM did not include end-users as a target for sanctions, AGCOM excluded from the scope of the Regulation the downloading and streaming activities carried out by end-users and peer-to-peer. This consistently diminished the possible range of action of AGCOM, thus also impacting its effectiveness.

Second, in order to compare AGCOM’s numbers with HADOPI’s numbers, which refers to warnings sent to end-users, the amount of AGCOM’s decisions should be multiplied per every end-user which downloaded the infringing content.

Most importantly, contrarily to HADOPI, AGCOM did not designate a private corporation whose sole goal is the detection of online infringing activities and their reporting to HADOPI.\footnote{\textsuperscript{182}} Although this choice undoubtedly increased the numbers of HADOPI’s intervention, the risks of giving such responsibility to a private actor should also be considered.

4.6. Final Findings on the French and Italian Systems

As shown by the French and Italian examples, the implementation of the WIPO Copyright Treaty through the EU Directives delineating the framework for copyright enforcement on the Internet brought to very heterogeneous national results, that is, paradoxically, the opposite of the harmonization prospected. The comparison between the French Loi HADOPI and the Italian AGCOM Regolamento attests an evident disharmonization of the systems, which is due not exclusively to the different choice of targeting the end-users \textit{vis} the ISPs, but also to the diverse actors which contribute to the enforcement. Member States were called to opt for civil, administrative, or criminal sanctions. On the one hand, the creation

\footnote{work, or part of it” (emphasis added). Article 171\textit{ter} (introduced by Legislative Decree 72/2004) requires profit-making, and includes the typical conduct of \textit{communication to the public} by placing the work in the network. The jurisprudence intended to consider that the textual reference to the active subject of conduct (“everyone”) allows the applicability of the provision to both the content provider and the end-user. AGCOM, \textit{supra} note 34, at 28.}

\footnote{\textit{Id.}}

\footnote{See \textit{supra} para. 4.3.1.1.}
and powers of HADOPI were coordinated with the French legislation so as to establish that a copyright infringement can culminate in a criminal sanction issued by a criminal court against end users. Gross negligence is sufficient for the issuance of such sanction and a lucrative purpose does not necessarily have to be proven. On the other hand, in the Italian case there has been a bifurcation of sanctions. Criminal sanctions for online copyright infringements carried out with lucrative purposes can be imposed by national courts, while AGCOM has solely the power to issue administrative sanctions against ISPs which do not conform to AGCOM’s take-down requests, and not against end-users.

According to some authors, it is because of the absence of a harmonized solution in the European Union that some Member States opted for the criminal enforcement of intellectual property rights. However, even if the EU had reached a common solution on criminal enforcement, like the one initially proposed by the European Commission, the result would nevertheless be inefficient. While the French studies analyzed above suggest that the threat of criminal sanctions can be sufficient to reduce online copyright infringements, other studies stress that criminal sanctions, for instance the one-year imprisonment sentence of and the €2.7 million damages award against four Pirate Bay’s representatives, did not prove any reduction of the illegal downloading activities.

In conclusion, the efficacy of the intellectual property rights enforcement on the Internet does not (at least, unequivocally) appear to be successful when civil, administrative, or even criminal sanctions are applied. Thus, it is necessary to rethink the problem from a different perspective.

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184 See supra Chapter 3 para. 3.6.1.
185 Geiger, supra note 183, at 132.
186 Id. at 133.
4.7. Toward a Different Approach in Defense of IP Rights

4.7.1. From a Top-Down to a Bottom-Up System: ISPs Codes of Conduct

The enforcement of copyright on the Internet has been gradually shifted from national courts to ISPs. Such shift was mainly due to the widespread of peer-to-peer networks. Given the articulated peer-to-peer architecture, ISPs were required to collaborate in order to identify the infringing materials and to locate the infringers. In some cases, ISPs participation was voluntary, but in most of them they were compelled to commit themselves to self-regulatory rules and procedures to fight against the digital copyright infringement phenomenon. While in the United States the Digital Millennium Copyright Act defined the procedural rules of notice and take-down to which ISPs had to comply with, the EU Directives failed to specify what kinds of injunctive relief are available for right holders against ISPs.

In particular, the U.S. Digital Millennium Copyright Act (DMCA) provides for a safe harbor regime for Online Service Providers (OSPs) and Internet Service Providers (ISPs) which comply with certain requirements and promptly take down an infringing content after being notified by the right holder or right holder’s agent.

Conversely, Article 16(a) of the E-Commerce Directive solely provides that Member States should encourage “the drawing up of codes of

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187 P. Bernt Hugenholtz, Codes of Conduct and Copyright Enforcement in Cyberspace, in COPYRIGHT ENFORCEMENT AND THE INTERNET 303, 303 (Irini A. Stamatoudi ed., 2010).
189 Id.
190 Hugenholtz, supra note 187.
191 Id. at 312.
192 Specifically, DMCA Title II “Online Copyright Infringement Liability Limitation Act” (“OCILLA”).
193 For a more complete analysis of the DMCA safe harbor provisions see Edward Lee, Decoding the DMCA Safe Harbors, 32 Colum. J.L. & Arts 233 (2009).
194 Specifically, Section 512(c) requires the OSP or ISP to: (i) not have a financial benefit directly attributable to the infringing activity; (ii) not be aware of the presence of infringing material or know any facts or circumstances that would make infringing material apparent, and (iii) upon receiving notice from copyright owners or their agents, act expeditiously to remove the purported infringing material.
conduct at Community level, by trade, professional and consumer associations or organizations, designed to contribute to the proper implementation of Articles 5 to 15.” Some Member States followed this recommendation, reaching different results. Eventually, their legislative (failed) attempts were replaced by measures of self-regulation.

In 2010, the U.K. proposed the Digital Economy Act (DEA), with provisions similar to the DMCA. The DEA regime provides an obligation on ISPs to receive notification of copyright infringements by right holders and to notify the infringing subscribers about the allegations.\(^{195}\) Moreover, the ISPs have an obligation to keep a list of those subscribers who reiterates the infringing conduct, leaving the possibility for copyright holders to obtain a court order mandating the ISPs the disclosure of the offenders’ identity in order to bring an action against them.\(^{196}\) The proposed law, criticized especially because of the costs imposed on ISPs, was challenged\(^{197}\) and will probably be withdrawn due to shift from a top-down to a bottom-up approach. The switch from a legislation to self-regulation occurred with the Creative Content UK Alert Program.\(^{198}\) Such program was voluntary initiated by ISPs\(^{199}\) which have committed themselves to sending out up to four warning notices per year to each customer if their accounts have been identified as being used to breach copyright laws.\(^{200}\) The purpose of the program is purely educational and, differently from the DEA, does not include the possibility for right holders to ask for the identification of costumers.\(^{201}\)

Although it may be burdensome, ISPs have various incentives in

\(^{195}\) DEA, § 3.
\(^{196}\) DEA, § 4.
\(^{199}\) Specifically, BT, Sky, Virgin and TalkTalk.
\(^{200}\) BPI, supra note 198.
\(^{201}\) Id.
promoting take-down and self-regulatory procedures.\textsuperscript{202} First, infringing online activities may create problems in the proper functioning of the networks. This is evident especially with regards to peer-to-peer activities, requiring high volume of traffic and consuming a large portion of network bandwidth.\textsuperscript{203} Second, promoting a self-regulatory model as a substitute to the legislation imposed notice and take-down system helps ISPs to avoid compliance with court decisions, which may be both onerous and unclear, especially when courts offer controversial interpretation of the obligations of ISPs under the E-Commerce Directive.\textsuperscript{204} Third, such procedures show the ISPs good faith towards right holders encouraging the latter to entering into licensing deals.\textsuperscript{205}

The shift from a top-down to a bottom-up system undoubtedly brings advantages and relieves national legislators from the hard duty to regulate on the matter of online infringement.\textsuperscript{206} However, concerns about this practice are undeniable, especially those regarding the protection of fundamental freedoms,\textsuperscript{207} particularly in case of take-down procedures and procedures which include the identification of the end-user.\textsuperscript{208} The so-called issue of “net-neutrality” poses indeed new concerns about the protection of fundamental rights and particularly the freedom of expression.\textsuperscript{209} This could

\begin{footnotesize}
\begin{enumerate}
\item Hugenholtz, supra note 187, at 313.
\item Elkin-Koren, supra note 188, at 66.
\item As seen in both the French and Italian case law. See supra para. 4.3.1.2 and 4.3.2.2.
\item Hugenholtz, \textit{supra} note 187, at 304.
\item E-Commerce Directive Recital 9 makes it clear that “directives covering the supply of information society services must ensure that this activity may be engaged in freely in the light of [Article 10(1) of the Convention for the Protection of Human Rights and Fundamental Freedoms], subject only to the restrictions laid down in paragraph 2 of that Article and in Article 46(1) of the Treaty; this Directive is not intended to affect national fundamental rules and principles relating to freedom of expression.” InfoSoc Directive Recital 3 also states that “The proposed harmonisation will help to implement the four freedoms of the internal market and relates to compliance with the fundamental principles of law and especially of property, including intellectual property, and freedom of expression and the public interest.”
\item Hugenholtz, \textit{supra} note 187, at 304.
\item For an analysis of the potential impact of the EU Telecoms law on net-neutrality see Monica Horten, \textit{Where Copyright Enforcement and Net Neutrality Collide - How the EU}.
\end{enumerate}
\end{footnotesize}
include the risk that the take-down procedures could shield the ISPs control over non-transport functions, including a control over the content.  

4.7.2. Rethinking the International Approach to Intellectual Property Rights Enforcement: the Rise and Fall of the Anti-Counterfeiting Trade Agreement

National systems uncertainties and weaknesses reignited States’ desire to move towards the internationalization of intellectual property enforcement measures. The Anti-Counterfeiting Trade Agreement (ACTA) is an international treaty which aim is to provide effective and appropriate means for the enforcement of intellectual property rights. It can be said that it aimed at completing the international IP legal system established by the TRIPs. The agreement was negotiated over a period of three years by the European Commission and other ten countries, including the United States. It was highly criticized because of the secrecy of the negotiations. It was ultimately signed by eight contracting parties in 2011 and by the EU and its Member States in 2012. Subsequent to the signature of the agreement, heated discussions arose with regards to the vagueness of ACTA’s provisions on criminal liability. In particular, the uncertain nature of some provisions could leave the door open to maximalist readings of them. An example is offered by ACTA Article 23(1) that requires each party to “provide for criminal procedures and penalties to be applied at least in cases of wilful trademark counterfeiting or copyright or

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Telecoms Package Supports Two Corporate Political Agendas for the Internet, PIJIP Research Paper no. 17 (2010).
210 Id.
212 Id. at 325.
213 Id. at 314.
214 Peter K. Yu, Six Secret (and Now Open) Fears of ACTA, 64 SMU L. Rev. 975, 977 (2011).
215 Id. at 316.
216 Geiger, supra note 183, at 123.
217 Geiger, supra note 211, at 323.
related rights piracy on a commercial scale. For the purposes of this Section, acts carried out on a commercial scale include at least those carried out as commercial activities for direct or indirect economic or commercial advantage.” Such definition of “commercial scale” clearly expands the traditional notion based on the market/product offered by the TRIPs Agreement.\footnote{Id. at 325.} For this reasons and others, ACTA was defined as “an amalgamation of the strictest enforcement measures from numerous countries,” which lacks of the crucial exceptions currently present in national laws.\footnote{Margot Kaminski, \textit{The Origins and Potential Impact of the Anti-Counterfeiting Trade Agreement (ACTA)}, 34 Yale J. Int'l L. 247 (2009).}

A problem of vagueness in the provisions on criminal enforcement is also found in bilateral treaties, such as the Comprehensive Economic and Trade Agreement (CETA) between the European Union and Canada, concluded in 2013.\footnote{Geiger, \textit{supra note 183}, at 126.} After heated discussions, the vagueness of the provision on criminal enforcement led the European Parliament to reject ACTA on July 4, 2012 with an overwhelming majority.\footnote{The EU Parliament rejected ACTA with 478 votes against, 39 in favour and 165 abstentions. Id.} It is doubtful whether ACTA will ever enter into force, given that it requires the ratification of at least six signatories,\footnote{ACTA, Article 40(1).} and only Japan had ratified ACTA so far.\footnote{Ministry of Foreign Affairs of Japan, \textit{Conclusion of the Anti-Counterfeiting Trade Agreement (ACTA) by Japan}, Oct. 5, 2012, http://www.mofa.go.jp/policy/economy/i_property/acta_conclusion_1210.html.}

A new hope in the international treaties arena may be offered by the ambitious Transatlantic Trade and Investment Partnership (TTIP) between the European Union and the United States, which aims at including also intellectual property enforcement provisions.\footnote{Geiger, \textit{supra note 183}, at 127.} At the regional level, as mentioned above,\footnote{See \textit{supra} Chapter 3, conclusion.} the European Commission “Digital Single Market
“Strategy” intends to build up a new European framework on copyright protection.

4.8. Conclusive Remarks

Although the aim of the EU Directives was the harmonization of copyright protection and enforcement in the digital era, the above-analyzed models prove that Member States are still far from reaching a uniform result. The awareness of such heterogeneity is common not only to European countries, but also to the international community as a whole. At the time potentially every Member State has adopted its own model to fight against only piracy, we assist to international and European attempts to go back to the drawing table and redesign the assumptions and paradigms which will constitute the basis of the updated models. Additionally, the interest of the Internet Service Providers (ISPs) and Over-The-Tops (OTTs) in participating in such new solutions seems stronger than ever.
CONCLUSIONS

The WIPO Copyright Treaty certainly represented a watershed moment in the history of intellectual property, a transition toward a future approach to the protection of digital rights. The period preceding the WIPO Copyright Treaty was characterized by extraordinary technological developments: the creation of the World Wide Web in 1989 and of web browsers (see Internet Explorer 1995); the invention of on-line marketplaces, like Amazon.com in 1994; the rising popularity of e-mails after the launch of Outlook in 1996.

The growing world of Internet soon became the “largest experiment in anarchy” we have ever had. The intrinsic value of freedom to which the Internet tries to endure posed the problem of the legitimacy of its regulation. Different actors were awarded the power to a piece of the Internet regulation: international and regional organizations, national governments, and private corporations. Balanced solutions and compromises had to be reached in order to achieve a minimum level of protection of digital IP rights.

However, the protection awarded would have obviously been futile without an appropriate system of enforcement. The twenty-first century has thus seen the adoption of international and national solutions for the enforcement of digital intellectual property rights. While the “something is

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1 Graeme B. Dinwoodie, The WIPO Copyright Treaty: A Transition to the Future of International Copyright Lawmaking?, 57 Case Western Reserve Law Review 751, 752 (2010): “TRIPS did radically change the institutional structure of the international intellectual property system as well as some of the assumptions underlying the system. But I would like to suggest that the WIPO Copyright Treaty (or WCT) also represented a watershed moment in international copyright law.”

2 “The internet is the first thing that humanity has built that humanity doesn't understand, the largest experiment in anarchy we've ever had.” (Eric Schmidt). Gerome Taylor, Google chief: My fears for Generation Facebook, The Independent, Jun. 8, 2015, http://www.independent.co.uk/life-style/gadgets-and-tech/news/google-chief-my-fears-for-generation-facebook-2055390.html.

3 See WIPO and the EU, supra Chapter 1 and 3.

4 See the French and Italian examples, supra Chapter 4.

5 See the role of ICANN, supra Chapter 2.
better than nothing” approach may lead to appreciate the results obtained by some of the models adopted, the results reached so fare are unsatisfactory.

The ICANN’s UDRP system has proven to be a time and cost effective system to resolve domain names disputes. It represents the effort to internationalize the enforcement of sui generis IP rights without exceeding in compromises. Although the issue of the ICANN’s and UDRP’s legitimacy continues to be a hot topic, even the strongest anti-ICANN author could not deny its effectiveness. It is true that UDRP’s decisions can be overruled by ordinary courts, cannot award damages, and often do not take into account interests other than the trademark holders’. However, the sole WIPO Mediation and Arbitration Center already administered almost sixty thousand cases. The numbers speak alone for its efficiency.

On the national side, in the 20 years after the WIPO Copyright treaty, the first generation of national digital copyright enforcement models has borne its fruits. Certainly different one from the other, some of them sweet while other sour. The latter ones were often challenged for issues concerning due process and violation of fundamental rights. The “copyright enforcement enigma” has been addressed in a wide range of manners: some systems relied on an educational effect of the end-users, while others on the simple take down of infringing content. None of them has reached comforting results.

The French three-strike system relied on the educational effect on end-users, who are expected to stop the infringing conduct in order to avoid a criminal proceeding and criminal monetary sanctions. However, various authors found that the criminal enforcement is not the proper solution to the problem and certainly it does not prove to cause the diminution of illegal downloading activities.

6 See supra Chapter 2 para. 2.4.
7 See supra Chapter 4 para. 4.3.1.3.
8 See supra Chapter 4.3.2.1.
9 See supra Chapter 4 para. 4.3.1.
10 See supra Chapter 4 para. 4.6.
The Italian system is built on the power of a public independent authority (AGCOM). It is based on the action of ISPs, which are ordered to block infringing content by AGCOM. As explained in Chapter 3, many authors tirelessly make criticisms regarding the Italian system’s legitimacy. However, the Italian Parliament has shown to have a disinterest in adopting a specific law to deal with the issue of digital copyright enforcement, that would, *inter alia*, allow the adoption of more effective measures than the ones to which AGCOM is limited.

The InfoSoc Directive was supposed to be implemented within 18 months of its adoption. The implementation of many provisions into national law was not an issue and overall the Directive did not comport big changes in the laws of many countries.\(^\text{11}\) Certainly, it could have been done much more in order to harmonize Member States legislation, especially regarding the copyright exceptions and limitations.\(^\text{12}\)

The creation of enforcement systems took Member States much time and effort. Even the adoption of the Enforcement Directive in 2004, which offered more guidelines to Member States, did not significantly help in the acceleration of the process. Moreover, it did not offer a regime of criminal enforcement, which was thus left to Member States.\(^\text{13}\) Almost every country made a first try (or even a second and third one) at construing systems to deal with copyright infringement on the Internet. Some of them strongly believe (or like to believe) that their system is effective and need not to be changed. Others realized that switching from a top-down to a bottom-up system could cure the ineffectiveness. European countries have been treading different paths.

At the time national enforcement systems went into effect, they were already considered to be out-of-date. The basis on which national systems have been built, namely the WIPO Treaties and the EU Directives, are already squeaky wood. The years 2000s saw an amazing acceleration of

\(^{11}\) See supra Chapter 3 para. 3.4.
\(^{12}\) Id.
\(^{13}\) Id. at para. 3.6.1.
technological developments, such as the inventions of broadband, peer-to-peer networks, the .mp3 format, and then the creation of legal music download services (see iTunes), e-books, and social media. All the copyright concerns relating to these information technology developments could not possibly have been taken into account at the time the WIPO Copyright Treaty and the InfoSoc Directive were adopted.

The national enforcement systems we have at hand are also a good starting point to rethink what aspects should be taken into account in building a new system. Among the aspects that should be taken into account are the actors involved in the enforcement system, the measures that can be taken by them, and the targets of the measures. The first question should ask which could be the role of national courts, national administrative authorities, corporations, and Internet Service Providers in the prospected system. At this time, there is an impossibility to impose on ISPs a general obligation to monitor.\(^\text{14}\) However, it does not seem appropriate to delegate to a private corporation (e.g. TMG)\(^\text{15}\) the monitoring activity. Thus, the system should always require the notice of infringement by the right holder (or its representatives) in order to start a proceeding. The ISPs should take care of blocking and/or removing immediately the infringing content and of eventually identifying the identity of the infringers, if so required by an order.\(^\text{16}\) In case of the opposition of the infringer or in case of reiterate infringing conducts, an ADR system could be put in place so as to allow a quick and cost effective resolution of the controversy. Inserting mandatory ADR clauses in the Terms of Service between the ISPs and the users could reach this result.\(^\text{17}\) It would also allow the ISPs to discharge their obligations towards the right holder once they removed the content, and thus avoiding the costs of proceedings. An international or regional treaty could determine

\(^{14}\) See supra para. 3.6.2.  
\(^{15}\) See supra Chapter 4 para. 4.3.1.1.  
\(^{16}\) Similarly to what is provided by the DMCA, the right holder could request a subpoena to order the ISP the disclosure of infringers’ identity.  
\(^{17}\) Similarly to the mandatory UDRP provisions in the registry agreements. See supra para. 2.3.2.
which are the obligations of the ISPs and what sort of measures they are required to take.\textsuperscript{18}

The second point to be addressed is the kind of measures that can be taken other than the removal of infringing content. The author believes that the identification of the end-user and subsequent potential sanctions against it is a necessary step to build an effective system. It appears inappropriate to treat traditional copyright infringements and the ones that instead occur on the Internet in such a different way. As discussed in the preceding Chapter, the measures should be proportionate to the offense, and thus they should take into account the scale of the infringing activity and whether the infringing activity is carried out with lucrative purposes of only for personal use. In any event, the blocking of the Internet access should be deemed to be disproportionate.\textsuperscript{19} Criminal sanctions do not seem appropriate to deal with the issue, but monetary sanctions and damages should be awarded. Another issue appears to be the identification of the end-user who carried out the infringing activity. The only French case in which an end-user was sanctioned testifies that it would be unfair to issue sanction against the Internet subscriber and not the person who actually committed the offense.

In case of massive infringements and peer-to-peer activities and when the identification of end-users is particularly difficult, the measures to be taken should allow the block of such platforms. In these cases, an international recognition of court or ADR decisions is appropriate in order to render effective the measure, which would be nullified by the transfer of the servers from one country to another.

David Bowie was wrong in predicting that technological transformations would have caused copyright to cease to exist.\textsuperscript{20} It is true,
however, that such transformations require today the construction of new solid basis at international level, so as to guarantee more successful results at national level. The international community is aware of the necessity to adopt a new international treaty to deal with the enforcement of intellectual property rights. However, what has been done outside the international organizations _fora_ is likely to result in vain and useless attempts (see the Anti-Counterfeiting Trade Agreement, ratified only by Japan).

At European level, the Digital Single Market initiative which, _inter alia_, proposes the adoption of a “new, modern copyright law” by the end of 2016 appears to be a good starting point to rewrite the EU framework on the protection of copyright on the Internet. Moreover, the awareness of the necessity of a concerted solution may bring the European Union to become the leading party in the negotiation of a new international treaty, just like the United States was the leader in the negotiations of the WIPO Internet Treaties. It still has to be determined whether the United States will cede the field to the European Union or not. The bets are open.

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