



# ICLG

The International Comparative Legal Guide to:

# Copyright 2019

## 5th Edition

A practical cross-border insight into copyright law

Published by Global Legal Group, in association with Bird & Bird LLP

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Email: info@glgroup.co.uk  
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**GLG Cover Design**  
F&F Studio Design

**GLG Cover Image Source**  
iStockphoto

**Printed by**  
Stephens & George  
Print Group  
October 2018

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ISBN 978-1-912509-37-9  
ISSN 2056-4333

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## EDITORIAL

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Welcome to the fifth edition of *The International Comparative Legal Guide to: Copyright*.

This guide provides corporate counsel and international practitioners with a comprehensive worldwide legal analysis of the laws and regulations of copyright.

It is divided into two main sections:

One general chapter. This chapter is entitled “*Brexit and Copyright: More questions than answers?*”

Country question and answer chapters. These provide a broad overview of common issues in copyright laws and regulations in 29 jurisdictions.

All chapters are written by leading copyright lawyers and industry specialists and we are extremely grateful for their excellent contributions.

Special thanks are reserved for the contributing editor Phil Sherrell of Bird & Bird LLP for his invaluable assistance.

Global Legal Group hopes that you find this guide practical and interesting.

The *International Comparative Legal Guide* series is also available online at [www.iclg.com](http://www.iclg.com).

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# Brexit and Copyright: More Questions than Answers?

Phil Sherrell



Will Smith



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### Introduction

The European Union (Withdrawal) Act 2018 (the “**Withdrawal Act**”) took its place in the UK statute book on 26 June 2018 following months of debate, rebellion and compromise in Parliament and Government. This legislation will repeal the European Communities Act 1972 (the “**ECA**”) (the statute through which European Union law takes effect in the UK) and sets out how European Union law will apply in the UK after “exit day”.<sup>1</sup>

Copyright law is not fully harmonised at EU level, therefore it might be expected that the disruption to UK copyright law following exit day will be minimal. However, that would be to oversimplify the issue. There are a large number of EU instruments which apply to industries which are underpinned by copyright, for example, those businesses operating in the media sector. These instruments, which are discussed in more detail below, are intended to bring into effect the EU’s ultimate goal of creating a single market for goods and services which is free from regulatory barriers. The level of cooperation between Member States required in order to achieve a single market goes far beyond the setting of minimum standards or harmonisation of certain laws and hence in many cases has required adjustments to specific parts of EU copyright law. The devil is therefore in the detail, rather than in the possible changes to underlying copyright law principles.

A good example of this relates to exhaustion of rights. At present, the import into the UK of a copyright work legally in circulation anywhere in the European Economic Area (the “**EEA**”) is not an infringement of the copyright in those works, because the UK is deemed to be part of the same market and the rights are “exhausted”.<sup>2</sup> If, following exit day, the UK does not become part of the EEA then, without an amendment to the Copyright Designs and Patents Act 1988 (the “**CDPA**”), sales in the UK would not be treated by EEA states as relevant for exhaustion purposes, but sales in the EEA would exhaust rights for the UK. Such an imbalance could put UK exporters at a significant disadvantage compared to their European counterparts.

This is an example of a so-called “reciprocity gap”, a phenomenon which may arise in many different industries and hence is one of the key issues with which the Government will need to grapple after exit day.

This chapter will look at how the Withdrawal Act might affect UK copyright law as well as businesses in sectors which rely on copyright law, both immediately following exit day and in the more distant future. We will also consider what steps the UK Government may be able to take under the Withdrawal Act to address the potential adverse impacts; the proposal to do so via so-called “Henry VIII” powers is controversial.

### A caveat

Any analysis of the impact of Brexit comes with the caveat that, at the time of writing, there is still huge uncertainty over the nature of the future relationship between the UK and the EU. This difficulty is exacerbated as the two most likely options are so radically different. On the one hand is a “hard” or “no deal” Brexit where no agreement is reached as to the terms of the UK’s withdrawal from or future relationship with the EU, and all current ties are severed, at least initially. This is also referred to as the “cliff edge”, where membership of the EU, and all that entails, ceases overnight on exit day. On the other hand is a “soft” Brexit under which the UK retains a relationship with the EU (at least temporarily, and perhaps in the medium to longer term) which largely preserves existing arrangements, including access to the European single market. There is an intention on the part of both the UK and the EU to have a transition period from “exit day” to 31 December 2020, but this is conditional on both sides agreeing a withdrawal treaty.

In July 2018, the UK Government presented a white paper titled “The Future Relationship between the United Kingdom and the European Union” (the “**White Paper**”)<sup>3</sup> which, at the time of writing, reflects the UK’s most up-to-date proposal. It remains to be seen to what extent the White Paper is acceptable to the remaining Member States (or indeed to the UK Parliament), however for the time being, this is the clearest expression of the Government’s intentions.

### The Withdrawal Act

During its passage through Parliament, the Withdrawal Act was known as the “Great Repeal Bill”; however, only the ECA will actually be repealed. The real purpose of the Withdrawal Act is to transpose EU law, as it stands at exit day, into UK law. The mechanism by which this will be achieved depends on the nature of the EU legislation in question.

The first category of legislation is so-called “EU-derived domestic legislation”. This is national legislation which has its origins in the EU. Under s2 of the Withdrawal Act, such legislation will remain as it is prior to exit day. This would include EU directives which have been implemented by the UK, such as the InfoSoc Directive<sup>4</sup> (implemented through the Copyright and Related Rights Regulations 2003) and the E-Commerce Directive<sup>5</sup> (implemented through the Electronic Commerce (EC Directive) Regulations 2002).

The second category of legislation is so-called “direct EU legislation”, which includes EU regulations (which are directly effective in UK law). Under s3 of the Withdrawal Act, all such

legislation which is operative immediately before exit day will be deemed to form part of domestic law on and after exit day.

There is a further category of EU law which is those rights, powers, liabilities, obligations, restrictions, remedies and procedures which have been recognised and are available in domestic law prior to exit day, and are enforced, allowed and followed accordingly. Such provisions will also continue to be available in domestic law after exit day under s4 of the Withdrawal Act.

Under s6 of the Withdrawal Act, CJEU decisions issued prior to exit day on retained EU law remain binding on all courts below the Supreme Court/High Court of Justiciary (in Scotland). In deciding whether to depart from such retained EU case law, the Supreme Court/High Court of Justiciary must apply the same test as it would apply in deciding whether to depart from its own case law. Future CJEU decisions (i.e. those issued after exit day) will not be binding on UK courts. Even in relation to retained EU case law (i.e. those issued prior to exit day), the nature of the Court's reasoning (often brief and high-level) may allow some latitude for divergence by UK judges in the future, particularly given that parties will lose the right to refer questions of EU law to the CJEU after exit day.

Importantly, the Withdrawal Act only seeks to preserve EU law as it applies in the UK. It does not address the rights which persons in other Member States have in the UK as a result of the UK having been a member of the EU for almost 50 years. For example, the right under the Content Portability Regulation for an EU resident to receive subscription content when temporarily present in the UK, discussed further below. The intention of the Government seems to be to deal with these on a case by case basis. Presumably such rights will only be preserved to the extent they are reciprocated for UK persons operating in the EU. Given the vast number of situations in which issues of this kind will arise, the administrative and legislative resource required to negotiate these arrangements and then give legal effect to them would be very significant.

### Henry VIII Powers

One of the most controversial aspects of the Withdrawal Act is the power granted to the Government to amend laws using secondary legislation without the need to consult Parliament. These powers are known as "Henry VIII powers" after the former monarch's supposed preference for legislating directly by proclamation rather than through Parliament.<sup>6</sup>

Such clauses are common to allow minor, uncontroversial changes to the law to be made without consuming unnecessary Parliamentary time in passing a further bill. However, when such powers are granted too broadly there is risk that Parliament is bypassed on issues which the public would expect it to consider as part of the legislative process (ironically, the most wide ranging example of these powers is found in the ECA itself, s2(2) of which gives ministers the power to implement EU obligations through secondary legislation (e.g. to implement EU directives)).

The Henry VIII powers in the Withdrawal Act which allow the amendment of retained EU law without a vote in Parliament are set out under the heading "*Dealing with deficiencies arising from withdrawal*" as follows:<sup>7</sup>

*"A Minister of the Crown may by regulations make such provision as the Minister considers appropriate to prevent, remedy or mitigate —*

- (a) any failure of retained EU law to operate effectively, or*
- (b) any other deficiency in retained EU law,*

*arising from the withdrawal of the United Kingdom from the EU."*

The powers are subject to a sunset provision and fall away two years after exit day. Given that it has been estimated that 800–1000 statutory instruments are expected to be required, these two years are set to see a rush of "correcting" legislation.

### The Reciprocity Gap

Those aspects of EU law which depend on mutual or reciprocal recognition of rights between EU Member States will not be suitable for simple conversion or continuance under the main provisions of the Withdrawal Act. One of the key uses of the Henry VIII powers is therefore likely to be to enact statutory instruments to address "deficiencies" such as reciprocity gaps of the kind referred to above. In economic sectors which are underpinned by copyright protection, such as the media industry, there are a number of reciprocity issues which will need to be considered. In the following section we highlight some of the major areas which may be affected.

### Broadcasting

Under the Satellite and Cable Directive,<sup>8</sup> which was implemented into UK law by amendments to the CDPA, satellite broadcasters benefit from a single point of clearance. When the place from which signals are transmitted to the satellite ("the uplink station") is in the EEA,<sup>9</sup> the broadcast shall be treated as being made from that place. As a result, the act of communication of the protected copyright works occurs solely in that place, thus obviating the need for separate licensing arrangements across all jurisdictions within the EEA.

If the UK leaves the EEA post-Brexit then it will no longer benefit from the mechanism provided for by the Directive (and transposed into the CDPA) because, absent any agreement between the UK and the remaining EU Member States, the latter will regard the uplink as having taken place outside the EEA. This means UK broadcasters would have to clear rights in all Member States reached by the broadcast signal or alternatively move the place of uplink to a remaining Member State.

Unless s6A CDPA is amended post-Brexit (presumably through the Henry VIII powers), the reverse would not be true and EU broadcasters would not need separate rights clearance for the UK. If this is corrected, however, a UK broadcaster that has moved its place of uplink to the EU would still need to clear rights in the UK.

Aside from copyright clearance, a reciprocity gap will also arise in broadcast regulation. Under the AVMS Directive,<sup>10</sup> television broadcasters licensed in the Member State in which they are established cannot generally be subject to more stringent regulation elsewhere. In short, this means that at present (pre-Brexit) a UK-licensed broadcaster can freely broadcast to other Member States and *vice versa*, creating a highly integrated market. For this and other reasons, a large number of international broadcasters currently choose to have their European operations based in the UK.<sup>11</sup> A report commissioned by the Commercial Broadcasters' Association estimates that international broadcasters contribute more than £1bn a year to the UK economy.<sup>12</sup>

After Brexit, UK-based broadcasters will no longer benefit from this arrangement, prompting suggestions that some may relocate in order to remain within the EU. This possibility is recognised as a major concern by the UK Parliament; a report by the House of Commons European Scrutiny Committee in March 2017<sup>13</sup> described the broadcasting sector as "highly exposed" in light of Brexit.

The White Paper states that the UK will not be a part of the EU's Digital Single Market but instead wants to have a "digital



relationship” to cover broadcasting (amongst other things) and is seeking the “best possible arrangements for this sector”.

Broadcasting is not typically a concern of bilateral trade agreements, indeed it was specifically excluded from the recent trade agreement between the EU and Canada. However, much about Brexit is unprecedented and it remains possible that an agreement to replace the current broadcasting arrangement can be reached without substantial disruption to businesses.

In the absence of an agreement, the fall-back position will be the 1989 European Convention on Transfrontier Television (the “CTT”), which is not part of EU law, and to which the UK is a signatory. This treaty predates the public availability of the World Wide Web and does not cover online streaming, a fundamental component of the services offered by broadcasters today. It also has no equivalent to the single point of regulation rule, referred to above.

Article 17 of the AVMS Directive requires Member States to reserve at least 10% of their transmission time or 10% of their programming budget for European Works created by producers who are independent of broadcasters. However, one benefit of the CTT is that, as the UK is a signatory, works created in the UK qualify as European Works under the AVMS Directive. This means that such works will continue to qualify for the purpose of meeting the budgetary quotas set out under the AVMS Directive. This means that, in contrast to broadcasters, the impact on independent UK television producers should be minimal.

The AVMS Directive is soon to be revised and the recast Directive “AVMS 2” will apply not only to broadcasters but also to video-on-demand and video-sharing platforms such as Netflix or YouTube. Under the current AVMS 2 proposal, providers of on-demand audiovisual media services would be required to ensure that at least 30% of their catalogues are European Works. This could provide a further boost for UK-based independent producers.

## Music

The regime in article 30 of the Collective Rights Management Directive<sup>14</sup> allows an EU collecting society in one Member State to mandate another to represent its repertoire in relation to online multi-territory music licensing in certain circumstances. That is, to collect and distribute royalties payable for the communication or reproduction of music online.

The Directive has been implemented into UK law; therefore after Brexit, and until the reciprocity gap is addressed, UK collecting societies could be required to continue to represent the repertoires of EU societies without having the right to mandate the same.

## Content Portability

The Regulation (EU) on cross-border portability of online content services (the “**Portability Regulation**”) came into force on 1 April 2018 and is directly effective in the UK (and therefore subject to the Withdrawal Act). Further implementation through the Portability of Online Content Services Regulations 2018 (the “**Implementing Regulations**”) provides a mechanism by which the Portability Regulation can be enforced.

The purpose of the Portability Regulation is to enable content subscribers in the EU to access online content services to which they subscribe (such as Netflix) when temporarily present in another Member State (for example, when on holiday). Pursuant to the Portability Regulation, consumers must be able to access content in the same manner as they are able to in their country of residence.

The effect of the Implementing Regulations is that a breach of certain provisions of the Portability Regulation is actionable by a subscriber against their online content service provider. This means that, unless otherwise addressed, UK service providers will need to continue to allow UK subscribers who are temporarily in the EU to access their UK services post-Brexit. However, with the UK outside the EU, EU-based service providers would no longer have to provide the equivalent right for their subscribers when they are temporarily in the UK.

Article 4 of the Portability Regulation introduces a “legal fiction” such that the provision of services to a subscriber temporarily in a Member State is deemed to take place solely in the subscriber’s Member State of residence. For example, a broadcast to a subscriber resident in France is deemed to take place in France regardless of the Member State in which that subscriber may temporarily be present. This means that providers are spared the burden of obtaining additional rights clearances in order to comply with the Portability Regulation.

Post-Brexit, this could present a further issue for UK-based subscribers and providers because the Regulations will no longer cover the latter in the remaining EU Member States. UK providers will therefore not benefit from the legal fiction and will need to secure rights clearances across all Member States in order to comply with their obligations to UK subscribers pursuant to the Implementing Regulation, without risking claims for infringement within each of those Member States.

This would be a significant burden for content providers and therefore the UK Government may seek to address this issue as part of the Brexit negotiations (although this is not currently mentioned in the White Paper). The alternative option to protect UK providers would be to amend the Implementing Regulations and the Portability Regulation (once transposed into UK law by the Withdrawal Act) to remove the obligation to provide content portability. This would be consistent with the statement in the White Paper that the UK will leave the Digital Single Market; however, to do so in this regard would deprive consumers of a right from which they currently benefit, which could be politically unattractive.

Each of these reciprocity issues arises out of the nature of the European Single Market. Over the past 25 years, the Single Market has expanded beyond the scope of any other multinational trade agreement and this expansion is continuing, particularly in the field of services, as can be seen in the ongoing Digital Single Market initiative. The notion of mutual recognition of clearances of rights, for example, simply does not arise in an “ordinary” trade agreement. Such agreements may seek to achieve mutual recognition of standards of goods, for example, but are not based upon the same underlying conceptual foundations as the EU from which such a far-reaching system of reciprocity could be justified (i.e., the desire to achieve a fully integrated single market).

The future relationship between the EU and the UK starts from a history of extremely close cooperation, and therefore it may be that the current arrangements described above could be replicated with the UK outside the Single Market (to the extent that is thought to be desirable). It must at least be hoped that these issues do not fall between the cracks amongst the myriad other issues to be negotiated.

## The Digital Single Market and the Copyright Directive

As discussed above, the White Paper states that the UK will leave the Digital Single Market following Brexit and that the Government will seek to replace this with a digital relationship covering, amongst other things, digital technology and broadcasting. However, further

detail on this relationship is lacking at the time of writing, as is the Commission's response to the high-level UK proposal.

One issue which remains to be resolved at a European level is the new Copyright Directive. The negotiations of the draft Directive (or at least parts of it) have proved extremely controversial to date. The controversy (and the delay) is largely a result of the proposed Articles 11 and 13. Article 11 would introduce a press publishers' right which seeks to put press publishers in a stronger position when dealing with news aggregation services. Article 13 is the "value gap" proposal, which seeks to place more responsibilities on online content sharing services to remove or pay for unlicensed works found on their services. Whilst one area of disagreement is between the creative industries and parts of the tech sector, there are also broader concerns around the impact of Article 13 on internet users. Critics of the proposal point to the danger of limiting freedom of expression (by filtering legal content), an increased use of surveillance, and an introduction of a "guilty until proven innocent" regime under which lawful content generators may have to fight against platforms to have their content reinstated.

In July 2018, the European Parliament voted against moving to the next stage of negotiations on the draft Directive. This means that further negotiation of the Directive will not take place until later in 2018, increasing the likelihood that the Directive may not be passed until after Brexit. If passed post-Brexit, the Directive will not be subject to the Withdrawal Act and therefore UK-based business will, at least in theory, not be bound by it. However, as online services are increasingly cross border in nature, it could be the case that UK platforms are *de facto* required to comply with the Directive (should it ultimately be passed) in respect of their European operations in any event.

The more likely scenario, however, is that the Directive is passed either before exit day or during the transition period, but with a deadline to implement it which falls after exit day. In these circumstances, the UK would in effect have an option as to whether to make the Directive part of UK law or not; if implemented domestically it would remain so after Brexit, and if not, it would never take effect in the UK.

### Divergence between UK and EU Copyright Law?

Predicting the ways in which the UK may be able to (at a practical level), and may wish to, diverge from EU copyright law in the future is not straightforward. Although the UK will have the option to amend copyright legislation after exit day to depart from EU-derived law, the UK remains a signatory to TRIPS,<sup>15</sup> the Berne and Rome Conventions,<sup>16,17</sup> and the WIPO Copyright and Performances and Phonogram Treaty. This means that, regardless of the apparent freedom to amend domestic legislation derived from EU principles or instruments, the UK will still not have complete freedom to amend its copyright legislation.

Post-Brexit, the UK courts would in theory be free to depart from CJEU case law relevant to, for example, the threshold for originality for copyright protection (which has traditionally been thought to be lower under UK law) or the scope of the communication to the public right, particularly in the digital environment, which we discussed at length in the 2018 edition of this Guide. However, for such a departure to be made through the courts (assuming the judiciary were so inclined), there would need to be a referral to the Supreme Court of a case in which the pertinent legal issue arose. Waiting for the law to be changed in this way can therefore be a time-consuming process.

Another area where divergence could be seen is in relation to exceptions to copyright infringement. For example, the UK

government could seek to introduce an exception for private copying without compensation.

Article 5(2)(b) of the InfoSoc Directive permits Member States to introduce a private copying exemption of variable scope provided that rightsholders receive fair compensation. Recital 35 of the InfoSoc Directive further explains that when determining the possible level of compensation, in situations where the prejudice to the rightsholder would be minimal, no obligation for payment may arise. This exception is not mandatory and was not introduced into UK law when the InfoSoc was initially implemented in 2003.

However, following later consultation the UK introduced the Copyright and Rights in Performances (Personal Copies for Private Use) Regulations 2014, which introduced an exception for private copying without compensation. The Regulations were passed on the basis that the exception generated minimal or zero harm to rightsholders such that a compensation scheme was not required.

Following a judicial review, the court held that due to a defect in the process by which evidence was collected and evaluated during the consultation process leading up to the adoption of the 2014 Regulations, the decision to adopt the new private copying exception without fair compensation was unlawful. The issue upon which the review turned was that the evidence relied upon to justify the conclusion about harm to rightsholders (or the lack thereof) was inadequate to support such a conclusion.

If the Government sought to introduce the same exception post-Brexit, the UK would not need to base the exception on the InfoSoc Directive nor therefore follow the constraints therein in formulating the exception, i.e. by having an accompanying compensation scheme.

### Conclusion

In this chapter we have sought to highlight some of the legal and regulatory issues which could arise in the sectors underpinned by copyright law post-Brexit.

Whilst some of the scenarios involving a lack of reciprocity may be easily overcome by secondary legislation under the Henry VIII powers, the resultant loss of access to the Single Market is likely to remain a major concern, particularly for broadcasters.

The challenge now faced by the UK Government is to seek to find a way to protect these sectors as the UK transitions to a new relationship with the EU. The broadcasting sector is clearly on the Government's radar, although how the current access to the EU from which UK-based broadcasters benefit could be preserved with the UK out of the Single Market remains to be seen. Other issues, such as collective licensing, are not mentioned by the White Paper and therefore industry lobbyists will need to ensure that these do not get overlooked amongst the many other less prominent details which will have to be addressed.

Brexit comes at a time when EU copyright law is about to undergo the most significant reform since the InfoSoc Directive was passed in 2001. Regardless of precisely what final form the new Copyright Directive takes, the general direction of travel at the EU legislative level is towards a more regulated digital environment. This leaves the UK with a choice of whether to follow the direction taken by the EU or to seek to gain a competitive advantage by moving towards a less regulated US-style environment. Any in-between position risks leaving the UK with a regulatory environment that is neither one thing nor the other. Such a situation would be unattractive and complex for both US and EU rightsholders and other copyright stakeholders.

Given the UK Government's apparent desire to retain a "digital relationship" with the EU, it may be more likely that future

legislation closely follows the direction of travel taken by the EU in order to preserve the benefits of Single Market access currently enjoyed by both businesses and consumers.

## Update

Since this article went to print the political situation has continued to develop. In particular, the UK Government has prepared a substantial number of briefing notes to explain the implications of a “no deal” Brexit scenario across a host of sectors.

One such briefing note, available [here](#), addresses the implications for copyright law. Amongst other things, this note confirms that:

- The Portability Regulation will cease to apply to UK nationals, meaning UK customers may see restrictions to their online content services when temporarily visiting the EU.
- UK-based satellite broadcasters may need to clear copyright in each Member State to which they broadcast.
- UK collecting societies will not be able to mandate EEA collecting societies to provide multi-territorial licensing of online music rights.

## Endnotes

1. At the time of writing, “exit day” is 29 March 2019 (at 11pm GMT), however the Withdrawal Act contains express provision for this to be amended.
2. S18 Copyright, Designs and Patents Act 1988.
3. [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/725288/The\\_future\\_relationship\\_between\\_the\\_United\\_Kingdom\\_and\\_the\\_European\\_Union.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/725288/The_future_relationship_between_the_United_Kingdom_and_the_European_Union.pdf).
4. Directive 2001/29/EC of the European Parliament and of the Council of 22 May 2001 on the harmonisation of certain aspects of copyright and related rights in the information society.
5. Directive 2000/31/EC on certain legal aspects of information society services, in particular electronic commerce, in the Internal Market (Directive on electronic commerce).
6. <https://www.parliament.uk/site-information/glossary/henry-viii-clauses/>.
7. S8(1) European Union (Withdrawal) Act 2018.
8. Council Directive 93/83/EEC on the coordination of certain rules concerning copyright and rights related to copyright applicable to satellite broadcasting and cable retransmission.
9. S6A CDPA refers to the EEA rather than the EU (i.e. the EU plus Norway, Iceland and Liechtenstein). It is possible that the UK could remain in the EEA post-Brexit; however, at the time of writing, this seems to be an unlikely outcome of the withdrawal negotiations.
10. Directive 2010/13/EU on the coordination of certain provisions laid down by law, regulation or administrative action in Member States concerning the provision of audiovisual media services (Audiovisual Media Services Directive).
11. See Commercial Broadcasters Association’s Brexit briefing paper Nov 2017. “*The UK is Europe’s leading international hub for global media groups, home to more television channels than any other EU country. Around 1,400 channels are based here, representing more than a third of all EU broadcasters. More than half (758) of the channels licensed in the UK actually broadcast to overseas countries, not to the UK.*”
12. [http://www.coba.org.uk/coba\\_latest/coba-calls-for-clarity-on-brexit-transition-deal/](http://www.coba.org.uk/coba_latest/coba-calls-for-clarity-on-brexit-transition-deal/).
13. <https://publications.parliament.uk/pa/cm201617/cmselect/cmeuleg/71-xxxi/71-xxxi.pdf>.
14. Directive 2014/26/EU on collective management of copyright and related rights and multi-territorial licensing of rights in musical works for online use in the internal market.
15. Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS).
16. The Berne Convention for the Protection of Literary and Artistic Works (1886).
17. The International Convention for the Protection of Performers, Producers of Phonograms and Broadcasting Organisations (1961).



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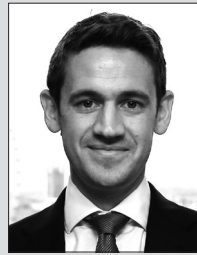
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Will's work covers a broad range of intellectual property rights, including patents, copyright, design rights and confidential information.

He has recently advised on copyright issues arising across a range of sectors including media, sport and consumer products. Will has advised both rightsholders and alleged infringers involved in copyright disputes, as well as advising businesses on the copyright law implications for new products, particularly in the online environment.

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# Australia

MinterEllison

John Fairbairn



Katherine Giles



## 1 Copyright Subsistence

### 1.1 What are the requirements for copyright to subsist in a work?

Under the *Copyright Act 1968* (Cth), copyright subsists in a “work” if it is:

- (a) a literary (including computer programs), dramatic, musical or artistic work (s32(1) and (2));
- (b) “original” (s32(1) and (2)) in the sense that it originates from the author as the result of the author’s intellectual effort and is not copied;
- (c) reduced to writing or some other “material form” (s22(1)); and
- (d) created by an author who was a “qualified person” (an Australian citizen or a person resident in Australia) when the work was made (s32(4)) or from another country recognised under the Act.

Copyright also subsists in “subject matter other than works” (i.e. sound recordings, cinematograph films, television and sound broadcasts and published editions) (ss89 to 92).

The *Copyright (International Protection) Regulations 1969* (Cth) provides copyright protection to works and subject matter other than works made or first published in a foreign country. Subject to certain exceptions, member countries of the Berne Convention, Universal Copyright Convention, Rome Convention, WIPO Copyright Treaty, WIPO Performances and Phonograms Treaty and the World Trade Organization are afforded this protection.

### 1.2 On the presumption that copyright can arise in literary, artistic and musical works, are there any other works in which copyright can subsist and are there any works which are excluded from copyright protection?

Copyright also subsists in “dramatic works”, which include a choreographic show or other dumb show and a scenario or script for a cinematograph film (ss10(1) and 32(1)) and “subject matter other than works” (ss89 to 92).

Copyright does not protect:

- (a) ideas and information, but rather particular forms of their expression that have been reduced to material form;
- (b) data generated solely by computers; and

- (c) names, slogans, headlines and titles in most circumstances, as they are likely to be too insubstantial to qualify for copyright protection (see *Fairfax Media Publications Pty Ltd v Reed International Books Australia Pty Ltd* (2010) 189 FCR 109).

### 1.3 Is there a system for registration of copyright and if so what is the effect of registration?

No, there is no system for registering copyright. Copyright protection arises automatically if the requisite criteria are met.

### 1.4 What is the duration of copyright protection? Does this vary depending on the type of work?

Generally, copyright subsists until the expiration of 70 years after the end of the calendar year in which the author died (s33).

The following variations apply; namely, copyright subsists for:

- (a) 70 years after the end of the calendar year in which the work was first published for:
  - (i) literary works (other than a computer program), or dramatic or musical works, that have not been published, performed, broadcast or exposed for sale before the death of the author (s33(3));
  - (ii) engravings where the author died before the engraving was published (s33(5));
  - (iii) pseudonymous and anonymous works (s34);
  - (iv) sound recordings (s93); and
  - (v) cinematograph films (s94).
- (b) 50 years after the end of the calendar year in which the television or sound broadcast was made (s95); and
- (c) 25 years after the end of the calendar year in which the published edition was first published (s96).

Changes made to the duration of copyright under the *Copyright Amendment (Disability Access and Other Measures) Act 2017* will take effect on 1 January 2019. For works that were never made public, or made public on or after 1 January 2019, the amendments will:

- (a) remove the distinction between the duration of copyright for published and unpublished works, so that the duration of copyright for both will be the “life of the author plus 70 years”; and
- (b) where the identity of the author is unknown, establish that copyright will last for 70 years after the work is made, unless the work is first made public within 50 years of it being made, in which case copyright will last for 70 years after the work was first made public.

### 1.5 Is there any overlap between copyright and other intellectual property rights such as design rights and database rights?

Yes, there are overlaps with other intellectual property rights.

#### Designs

For registered designs, it is not an infringement of copyright in an artistic work to reproduce that work by embodying the corresponding design in a product (ss74 to 75). For designs that have not been registered, it is not an infringement of the copyright in the artistic work (other than a building, model of a building or work of artistic craftsmanship) to reproduce that work by embodying the corresponding design in a product, where:

- (a) the corresponding design has been applied industrially by or with the licence of the copyright owner and has been sold or offered for sale; or
- (b) a complete specification or design application is published in Australia that shows a product made to the corresponding design (s77).

#### Patents

Copyright subsists in literary works (including computer programs and compilations of computer programs) (ss10(1), 32). Computer programs can also be the subject of patents (see *RPL Central v Commissioner of Patents* (2013) FCA 871 *cf. Research Affiliates LLC v Commissioner of Patents* (2014) 227 FCR 378).

#### Trade marks

Works, particularly artistic works that form part of logos, may also be registered as trade marks under the *Trade Marks Act 1995* (Cth).

#### Databases

There are no separate database rights in Australia; a database may be protected as a literary work, being a compilation (s10(1)). However, there may be difficulty establishing that copyright subsists in a database as a compilation either due to an inability to identify individual authors (for computer-automated databases) or demonstrate sufficient intellectual effort in the form of expression. Copyright protection may also be limited to the particular selection and presentation of the data.

### 1.6 Are there any restrictions on the protection for copyright works which are made by an industrial process?

Yes, as set out above, there are limited exceptions to copyright infringement where products have been applied industrially.

## 2 Ownership

### 2.1 Who is the first owner of copyright in each of the works protected (other than where questions 2.2 or 2.3 apply)?

Subject to certain exceptions:

- (a) the author will be the first owner of copyright in a literary, dramatic, musical or artistic work (ss35(2));
- (b) the maker will be the first owner of copyright in a sound recording (s97), cinematograph film (s98), television or sound broadcast (s99); and
- (c) the publisher will be the first owner of copyright in the published edition of a work (s100).

The “maker” can include a performer in relation to sound recordings and a director in relation to films in some circumstances.

### 2.2 Where a work is commissioned, how is ownership of the copyright determined between the author and the commissioner?

The authors of commissioned works or subject matter other than works will own copyright in it, except where a person makes, for valuable consideration, an agreement for the:

- (a) taking of a photograph for a private or domestic purpose, a painting or drawing of a portrait or an engraving and the work is made in pursuance of that agreement. Here the commissioner will own the copyright, but the author can restrain the doing of an act otherwise for a private or domestic purpose (s35(5)); and
- (b) making of a sound recording or a cinematograph film, in which case the person who commissioned the recording or film will own the copyright (s97(3) and s98(3)).

Works, sound recordings or cinematograph films made by or under the direction or control of the Commonwealth or the State are generally owned by the Commonwealth or the State as the case may be (s176(2) and s178(2)).

### 2.3 Where a work is created by an employee, how is ownership of the copyright determined between the employee and the employer?

An employer will usually own copyright in any literary, dramatic, artistic or musical work or cinematograph film made by an employee in pursuance of the terms of his or her employment under a contract for service or apprenticeship (s35(6) and s98(5)). An exception arises where the author is employed by a newspaper, magazine or similar periodical, in which case the author will own the copyright only insofar as it relates to the reproduction of a literary, dramatic or artistic work in a book or in the form of a hard copy facsimile (s35(4)(c)).

### 2.4 Is there a concept of joint ownership and, if so, what rules apply to dealings with a jointly owned work?

Yes, a “work of joint authorship” means a work that has been produced by two or more authors and the contribution of each author is not separate from the contribution of the other author or authors (s10(1)). In this case, the authors will be co-owners as tenants in common and neither is entitled to do or authorise an act comprised in the copyright without the consent of the other owner.

## 3 Exploitation

### 3.1 Are there any formalities which apply to the transfer/assignment of ownership?

An assignment of copyright (whether total or partial) must be in writing and signed by or on behalf of the assignor (s196(3)). A partial assignment of copyright is an assignment of copyright that is limited in any way (ss16 and 196(2)).

### 3.2 Are there any formalities required for a copyright licence?

An exclusive licence must be in writing, signed by or on behalf of the owner or prospective owner of copyright, authorising the licensee, to the exclusion of all other persons, to do an act that the copyright owner would, but for the licence, have the exclusive right to do (s10(1)).

### 3.3 Are there any laws which limit the licence terms parties may agree (other than as addressed in questions 3.4 to 3.6)?

The *Competition and Consumer Act 2010* (Cth) (CCA) may limit the licence or assignment terms insofar as the CCA prohibits the misuse of market power and resale price maintenance (which includes price-fixing) (ss46 and 48). Section 51(3) of the CCA provides a limited exception from some of the other restrictive trade practices prohibitions of the CCA for conditions in copyright licences relating to the work or other subject matter in which copyright subsists. Contract law principles can also restrict the enforceability of licence terms, for example, due to illegality.

### 3.4 Which types of copyright work have collective licensing bodies (please name the relevant bodies)?

The main collective licensing bodies in Australia include:

- (a) The Australasian Performing Right Association (APRA): licenses the public performance and communication to the public of musical works and lyrics. APRA also manages the Australasian Mechanical Copyright Owners' Society (AMCOS), which licenses the reproduction of musical works and lyrics.
- (b) The Australian Record Industry Association (ARIA): licenses some reproduction rights for sound recordings.
- (c) The Copyright Agency (CAL): administers statutory licences for use by educational institutions and government copying. It also offers voluntary licences for text and images (via Viscopy, the collecting society for the visual arts).
- (d) The Phonographic Performance Company of Australia (PPCA): licenses public performance and communication to the public of its members' sound recordings and music videos.
- (e) Screenrights administers statutory licences in broadcasts and audiovisual items to educational institutions and governments and the retransmission of free-to-air broadcasts.

### 3.5 Where there are collective licensing bodies, how are they regulated?

Collective licensing bodies are regulated by the Australian Competition and Consumer Commission (ACCC), which, amongst other things, regulates anti-competitive and potential anti-competitive conduct in Australia. Collective licensing bodies have applied for authorisation from the ACCC. Authorisation is a process whereby the ACCC may grant protection from legal action for conduct that might otherwise breach the CCA. An authorisation can be subject to certain conditions, such as the collective licensing body having to implement alternative dispute resolution procedures. Further constraints are placed on the operation of collecting licensing bodies by the Copyright Tribunal of Australia (Tribunal) (see question 3.6 below). They also report annually to the Code Reviewer under the Collecting Societies Code of Conduct (**Code**).

The ACCC is currently reviewing the Code with the aim of improving the governance and transparency of collective licensing bodies. A final report is due to be released by the ACCC before the end of 2018.

### 3.6 On what grounds can licence terms offered by a collective licensing body be challenged?

Licence terms offered by a collective licensing body can be challenged in the Tribunal, an independent body established under

the Act (s138). The Tribunal has jurisdiction over the terms of statutory licences under Parts III, IV, VA, VB, VII, VC, VD (including determining the amount it considers to be "equitable remuneration") and voluntary licence schemes offered by collecting societies.

Sections 154 to 156 contain provisions for the reference by a licensor or would-be licensee (or representative organisation) of a proposed or existing licence scheme to the Tribunal. The Tribunal has jurisdiction to make orders confirming or varying the scheme or substituting another scheme proposed by the parties, as it considers "reasonable in the circumstances". Section 157 allows for applications to be made to the Tribunal by persons who require a licence from a collective licensing body, but where there has been a refusal to grant a licence on reasonable terms. In such cases, the Tribunal has the power to make orders as to the charges and licence conditions it considers "reasonable in the circumstances".

## 4 Owners' Rights

### 4.1 What acts involving a copyright work are capable of being restricted by the rights holder?

The copyright owner of a literary, dramatic or musical work has the exclusive right to:

- (a) reproduce the work;
- (b) publish the work;
- (c) perform the work in public;
- (d) communicate the work to the public;
- (e) make an adaptation of the work; and
- (f) in relation to a work that is an adaptation of the work, any of the acts above (s31(1)(a)).

The copyright owner of an artistic work has the exclusive right to:

- (a) reproduce the work;
- (b) publish the work; and
- (c) communicate the work to the public (s31(1)(b)).

The copyright owner of a literary work (other than a computer program) or a musical or dramatic work can enter into a commercial rental arrangement in respect of the work reproduced in a sound recording (s31(1)(c)).

The copyright owner in relation to a computer program has the exclusive right to enter into a commercial rental arrangement in respect of the program (s31(1)(d)).

The copyright owner of a sound recording has the exclusive right to:

- (a) make a copy of the sound recording;
- (b) cause the recording to be heard in public;
- (c) communicate the recording to the public; and
- (d) enter into a commercial rental arrangement in respect of the recording (s85).

The copyright owner of a cinematograph film has the exclusive right to:

- (a) make a copy of the film;
- (b) cause the film, insofar as it consists of visual images, to be seen in public, or insofar as it consists of sounds, to be heard in public; and
- (c) communicate the film to the public (s86).

The copyright owner of a television or sound broadcast has the exclusive right:

- (a) in the case of a television broadcast insofar as it consists of visual images – to make a cinematograph film of the broadcast or a copy of such a film;



- (b) in the case of a television or sound broadcast insofar as it consists of sounds – to make a sound recording of the broadcast, or a copy of such a recording; and
- (c) in the case of a television or sound broadcast – to re-broadcast it or communicate it to the public otherwise than by broadcasting it (s87).

Further, a copyright owner's rights can be infringed by other acts such as importation for sale or hire (ss37 and 102) or sale and other dealings (ss38 and 103) of infringing works and other subject matter. There are also provisions prohibiting the circumvention of an access control technological protection measure (s132APC) and removing or altering electronic rights management information (s132AQ).

#### **4.2 Are there any ancillary rights related to copyright, such as moral rights, and if so what do they protect, and can they be waived or assigned?**

Authors and performers of literary, dramatic, musical or artistic works and cinematograph films also have moral rights (Part IX), which entitle them to:

- (a) be attributed as the author or performer (Divisions 2 and 2A of Part IX);
- (b) not have their authorship or performership of a work falsely attributed (Divisions 3 and 3A of Part IX); and
- (c) not have their work or performance subjected to derogatory treatment in a way that is prejudicial to the author's or performer's reputation (Divisions 4 and 4A of Part IX).

Moral rights cannot be completely waived. However, authors (ss195AW and 195AWA) and performers (s195AXJ) can consent to acts or omissions in writing in relation to specified works or performances or present or future works or performances.

Part XIA sets out performers' protections under which performers can take action for the unauthorised use of their performances (s248J).

#### **4.3 Are there circumstances in which a copyright owner is unable to restrain subsequent dealings in works which have been put on the market with his consent?**

The circumstances in which a copyright owner is unable to restrain subsequent dealings and works put on the market with his or her consent include the importation of sound recordings (s112D), the importation and sale of books in limited circumstances (ss112A and 44A), non-infringing accessories (e.g. labels, packaging and written or audio-visual instructions) to articles (s44C) and the importation and sale of copies of computer programs (s44E).

## **5 Copyright Enforcement**

### **5.1 Are there any statutory enforcement agencies and, if so, are they used by rights holders as an alternative to civil actions?**

No, with the exception of the Commonwealth Director of Public Prosecutions, supported by the Australian Federal Police, which is responsible for prosecuting criminal offences under the Act. Notices of Objection can be lodged allowing Customs, under certain circumstances, to seize goods that infringe copyright.

### **5.2 Other than the copyright owner, can anyone else bring a claim for infringement of the copyright in a work?**

Except as against the copyright owner, an exclusive licensee has

the same rights of action as he or she would have, and is entitled to the same remedies, as if the licence had been an assignment, and those rights and remedies are concurrent with those of the copyright owner (s119(a) and (b)).

### **5.3 Can an action be brought against 'secondary' infringers as well as primary infringers and, if so, on what basis can someone be liable for secondary infringement?**

An action can be brought against a "secondary" infringer who has authorised the doing in Australia of any act comprised in the copyright. In determining whether someone is liable for secondary infringement, the following matters must be taken into account:

- (a) the extent (if any), of the person's power to prevent the doing of the act;
- (b) the nature of any relationship existing between the person and the person who did the act concerned; and
- (c) whether the person took any reasonable steps to prevent or avoid the doing of the act, including compliance with any relevant industry codes of practice (ss36 and 101).

### **5.4 Are there any general or specific exceptions which can be relied upon as a defence to a claim of infringement?**

There are no general "fair use" style exceptions in Australia presently. However, specific "fair dealing" exceptions exist for dealings with works and other subject matter for the following purposes:

- (a) research or study (ss40 and 103C);
- (b) criticism or review (ss41 and 103A);
- (c) parody or satire (ss41A and 103AA);
- (d) reporting news (ss42 and 103B);
- (e) judicial proceedings or professional advice (ss43 and 4); and
- (f) access by persons with a disability (s113E).

There are also other specific exceptions to doing certain acts in relation to certain works or other subject matter, such as reproducing works in books, newspapers and periodical publications in a different form for private use (s43C), copying sound recordings for private and domestic use (s109A), use by organisations assisting a person with a disability (s113F) and preservation or research by libraries or archives (s113H).

The Act includes a safe harbour scheme (Part V, Division 2AA) which also limits the remedies available against a carriage service provider (ISP) in certain circumstances. Where copyright is infringed in the course of carrying out one or more prescribed activities (including transmitting, routing or providing connections for copyright material, or the intermediate and transient storage of copyright material during this process, caching, storing copyright material, and providing links to an online location using information location technology or tools) the relief that a court may grant against a carriage service provider is limited to non-monetary orders (ss116AA to 116AJ) and includes an order requiring:

- (a) reasonable steps be taken to disable access to an online location outside Australia;
- (b) termination of a specific account; and
- (c) in the case of caching, storing customer material or linking, the removal or disabling of access to infringing copyright material.

### **5.5 Are interim or permanent injunctions available?**

Yes, injunctions (subject to such terms, if any, as the court thinks fit) are available under the Act (s115(2)).



The Federal Court of Australia and Federal Circuit Court of Australia can order interim and/or permanent injunctions as a remedy to copyright infringement (s23 *Federal Court of Australia Act 1976* (Cth) and s15 *Federal Circuit Court of Australia Act 1999* (Cth)). State and Territory Supreme Courts exercising federal jurisdiction (s131A) have similar powers under their enabling Acts.

Section 115A enables the Federal Court of Australia, on application by a copyright owner, to grant an injunction requiring a carriage service provider to take reasonable steps to disable access to an online location where:

- (a) the carriage service provider provides access to the online location outside Australia;
- (b) the online location infringes, or facilitates the infringement of, the copyright; and
- (c) the primary purpose of the online location is to infringe, or to facilitate the infringement of, copyright (whether or not in Australia).

The Federal Court of Australia granted injunctions in three site blocking applications in 2017, and a further two in 2018, requiring the major Australian ISPs to block numerous torrent sites.

#### **5.6 On what basis are damages or an account of profits calculated?**

Applicants (except in the case where innocent infringement is made out under s115(3)) can elect between damages or an account of profits (s115(2)).

Damages are calculated to compensate the copyright owner for the infringement or to put them in the position they would have been had there been no infringement. The measure of damages is expressed as the depreciation of the value of the copyright as chose in action. In practice, two common methods for assessing damages are used (see *TS & B Retail Systems Pty Ltd v 3fold Resources Pty Ltd* (No 3) (2007) 158 FCR 444). The first is the licence fee (or royalty) method, whereby the applicant recovers an amount equal to the fee that would have been reasonably charged for the use of the copyright work. The second method is the lost net profit method, where the applicant can demonstrate lost sales to the respondent as a result of the infringement and quantify the loss suffered. In contrast, an account of profits is calculated based on the profit made out of the infringement.

Courts also have a discretion to award additional damages having regard to specified factors under s115(4), including the flagrancy of the infringement and the need to deter similar infringements of copyright.

#### **5.7 What are the typical costs of infringement proceedings and how long do they take?**

Typical costs of infringement proceedings will vary according to the complexity of the case, whether any expert evidence is required, the fees of the legal representatives engaged (both solicitors and barristers), and any document production permitted by the Court. Such costs may range from the tens of thousands to millions. Infringement proceedings may take more than a year to be heard, depending on the availability of the judicial officers, as well as the legal representatives of the parties involved.

#### **5.8 Is there a right of appeal from a first instance judgment and if so what are the grounds on which an appeal may be brought?**

For proceedings commenced in the Federal Court of Australia, a first instance judgment may be appealed to the Full Court (s25(1) *Federal Court of Australia Act 1976* (Cth)) on the basis of an error of law. If the proceedings are brought in the Federal Circuit Court, which deals with shorter and simpler matters in federal jurisdictions, a right of appeal exists from the first instance judgment to a single judge of the Federal Court of Australia (s25(1AA) *Federal Court of Australia Act 1976* (Cth)), which can be brought on the grounds of an error of law. For State and Territory Supreme Courts, an appeal may be brought to the Federal Court of Australia or by special leave to the High Court of Australia (s131B).

#### **5.9 What is the period in which an action must be commenced?**

An action must be commenced within six years from the time the infringement took place, the relevant act was done or the infringing copy or device was made (s134).

## **6 Criminal Offences**

#### **6.1 Are there any criminal offences relating to copyright infringement?**

Yes. In Part V, Division 5 of the Act, there are indictable, summary and strict liability criminal offences for substantial infringement on a commercial scale, making and dealing with infringing copies commercially, making or possessing devices for making infringing copies, airing of works, sound recordings and films publicly, circumventing access control technological protection measures, manufacturing and providing circumvention devices and removing or altering electronic rights management information. Part VAA, Division 3 contains offences relating to unauthorised access to and dealing with encoded broadcasts. Part XIA, Division 3 contains criminal offences for unauthorised recording, copying and dealing with unauthorised recordings of performances.

#### **6.2 What is the threshold for criminal liability and what are the potential sanctions?**

The threshold for criminal liability depends on the tier of the offence and was drafted to be consistent with the fault element terminology used in the *Criminal Code Act 1995* (Cth) and reflect the moral culpability of a particular offence (see the *Explanatory Memorandum to the Copyright Amendment Bill 2006* (Cth)). For indictable offences, the highest fault threshold applies. For summary offences, fault elements of negligence or recklessness are usually included. For strict liability offences, no fault elements need to be proven.

For indictable offences there are potential sanctions up to 850 penalty units (\$178,500) for an aggravated offence under s132AK (or five times that amount for a corporation), imprisonment for up to five years. For summary offences there are potential sanctions of up to 120 penalty units (\$25,200), or imprisonment for up to two years, or both. For strict liability offences there are potential sanctions of up to 60 penalty units (\$12,600).

## 7 Current Developments

### 7.1 Have there been, or are there anticipated, any significant legislative changes or case law developments?

#### Recent amendments

In 2017, the *Copyright Amendment (Disability Access and Other Measures) Act 2017* introduced amendments to the Act in stages. The amendments that were in effect as of 30 June 2017 include changes to statutory licences for educational institutions and copyright exceptions to streamline the copyright regime for people with a disability, educational institutions and libraries. As set out in question 1.4, amendments relating to copyright duration will come into effect on 1 January 2019.

Additional amendments to the Act were made with the passing of the *Copyright Amendment (Service Providers) Act 2018*, which will commence on 29 December 2018. The amendments extend the safe harbour scheme (see question 5.4) under the Act to educational institutions, organisations assisting persons with disabilities, libraries and archives. This will limit the remedies available against these sectors for copyright infringements relating to certain online activities.

#### Fair use

The Department of Communications and the Arts commissioned an economic analysis of certain recommendations made by the Australian Law Reform Commission in its 2013 report *Copyright and the Digital Economy*, namely of the financial effect on both Australian copyright right holders and copyright user groups of the options to either introduce a “fair use” exception or, alternatively, to consolidate and expand the current fair dealing exceptions. The report was released in 2016 and was favourable to the adoption of a “fair use” exception. There is no proposed amendment to the Act at the time of writing.

### Review of Australia’s Intellectual Property System

In December 2016, the Productivity Commission (PC) published its final report after a 12-month public inquiry examining Australia’s entire intellectual property system and its effect on investment, competition, trade, innovation and consumer welfare. The PC’s final report made a number of recommendations, including the introduction of a broad and open-ended “fair use” exception, the repeal of parallel import restrictions for books, strengthening the governance, reporting and transparency arrangements for collecting societies, enhancing the role of the Federal Circuit Court by introducing a dedicated IP list with caps on costs and damages, and repealing the s51(3) restrictive trade practices exception in the CCA. The Federal Circuit Court IP list commenced on 1 July 2017. In March 2018, the Department of Communications and the Arts followed up on the Government’s response to the PC’s final report by commencing the Copyright Modernisation Consultation. The findings of the consultation are yet to be released.

### 7.2 Are there any particularly noteworthy issues around the application and enforcement of copyright in relation to digital content (for example, when a work is deemed to be made available to the public online, hyperlinking, etc.)?

The PC’s final report also made several recommendations in relation to greater access to digital content under the Act, asserting that timely and competitively-priced access to copyright works is the most efficient and effective way to reduce online copyright infringement, including that consumers be permitted to circumvent technological protection measures (TPM) for legitimate users of copyright material.

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John Fairbairn is a Partner in MinterEllison's intellectual property team. He specialises in resolving complex intellectual property (IP) disputes, particularly in the media and telecommunications sector. This often brings him in contact with IP and regulatory issues arising out of new media platforms, online copyright piracy, and industry licensing schemes and disputes.

John's work also involves handling matters involving privacy, biotech, computer technology, copy clearance and Australian Consumer Law disputes, and trade marks (portfolio management and enforcement).

John has:

- acted for applicants in the first and many subsequent site-blocking cases in the Federal Court of Australia;
- represented a number of industries – including subscription television, free-to-air television, online radio, internet video on demand and digital download services – in negotiations and disputes with collecting societies;
- successfully acted for various organisations, including pharmaceutical and telecommunications companies, in misleading and deceptive conduct disputes in the Federal Court of Australia;
- managed a number of significant global trade mark portfolios, including acquiring and protecting trade mark rights in Australia; and
- provided *pro bono* assistance to a number of organisations, including referrals from the Arts Law Centre of Australia.

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Katherine Giles is a Senior Associate specialising in intellectual property, entertainment and media law. She draws on her experience having previously worked in-house for the Australian Broadcasting Corporation to advise on intellectual property law and the full spectrum of pre-publication content issues spanning defamation, contempt, privacy, suppression and non-publication orders, confidentiality, copyright law and policy, commercial transactions and dispute resolution, and entertainment law with a focus on music and publishing.

Katherine is a Teaching Fellow at the University of New South Wales and has a Master of Laws at the University of New South Wales with a specialisation in Media & Technology Law (placed on the 2018 Dean's List of Excellence for the subject Law and the Culture Industries, and in 2017 for the subjects Defamation and the Media, and Globalisation and Intellectual Property Law). She is also a volunteer lawyer at the Arts Law Centre of Australia, Australia's National Community Legal Centre for the Arts.

## MinterEllison

MinterEllison is an international law firm, headquartered in Australia and regarded as one of the Asia-Pacific's premier law firms. Our teams collaborate across Australia, New Zealand, Asia and the UK to deliver exceptional outcomes.

We have a clear goal – to be our clients' best partner. We put the client at the centre of everything we do and partner with them to deliver truly innovative solutions.

We also think beyond the law, offering clients advisers who are multi-disciplinary and industry-facing to help them realise their strategic goals, grasp business opportunities and create value for their stakeholders.

# Brazil

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## 1 Copyright Subsistence

### 1.1 What are the requirements for copyright to subsist in a work?

As Brazil is a member of the Berne Convention, copyright protection under Brazilian Law is inherent to the creation of the work and no registration is necessary for the enforcement of rights against third parties, provided that the legal conditions of protection are met.

Law no. 9,610/98 (“Brazilian Copyright Law” or “BCL”) provides, in article 7, that all creations from the spirit expressed by any means or affixed in any type of support, tangible or intangible, are protected as intellectual work.

From that legal definition and the doctrine developed over the subject, it is possible to draw two main conditions to which an intellectual work must comply to be entitled protection in Brazil: (i) the work must be externalised in some form, meaning that the work cannot be a simple idea; and (ii) the work must be original.

The uncertainty around the definition of originality led to different doctrinal approaches: on one hand, we find the objective approach where a work is considered original when it is novel; on the other hand, according to the subjective approach, an original work is the work that carries out the author’s individuality/personality.

Brazilian Courts have applied different thresholds according to the type of work, but it is safe to say the work must contain a minimum level of creativity to be protected in Brazil.

### 1.2 On the presumption that copyright can arise in literary, artistic and musical works, are there any other works in which copyright can subsist and are there any works which are excluded from copyright protection?

Under BCL, copyright protection is given to any type of intellectual work that meets the legal criteria and is not expressly excluded from the protection.

As examples of work subject to protection, article 7 of BCL provides that copyright can arise in works such as:

- (i) literary, artistic or scientific works;
- (ii) lectures, speeches, sermons and other works of the same nature;
- (iii) dramatic works with or without accompanying music;
- (iv) choreographic works and pantomimes, if their scenic performance can be fixed in writing or any other form;
- (v) musical compositions with or without accompanying words;

- (vi) audiovisual works, with or without accompanying sound, including cinematographic works;
- (vii) photographic works and works produced by a process similar to photography;
- (viii) works of drawing, painting, engraving, sculpture, lithography and kinetic arts;
- (ix) illustrations, geographical maps and other works of the same nature;
- (x) plans, sketches, and works of fine art concerning geography, engineering, topography, architecture, landscaping, scenography and science;
- (xi) adaptations, translations and other transformations of original works presented as new intellectual creations;
- (xii) computer programs; and
- (xiii) collections or compilations, anthologies, encyclopedias, dictionaries, databases and other works which, in view of the selection, organisation or arrangement of their contents, constitute intellectual creations.

Conversely, BCL’s article 8 expressly provides that the following are excluded from protection:

- (i) ideas, normative procedures, systems, methods, projects or mathematical concepts as such;
- (ii) schemes, plans or rules to carry out mental acts, games or businesses;
- (iii) blank forms to be completed with any kind of information, whether scientific or not, as well as their instructions;
- (iv) texts of treaties and conventions, laws, decrees, regulations, court decisions and other official acts;
- (v) information of common use such as calendars, agendas, registries or captions;
- (vi) isolated names and titles; and
- (vii) the industrial or commercial use of ideas contained in the works.

### 1.3 Is there a system for registration of copyright and if so what is the effect of registration?

Although copyright protection is inherent to the creation of the work, the Brazilian legal system provides for the relevant registration.

A relevant benefit of copyright registration is securing hard evidence of the rights thereof. Considering that the main challenge in copyright-based lawsuits/infringements is to prove authorship and the creation date, it is recommended to have an actual document issued by a public office attesting that the copyright constitutes *prima facie* evidence of ownership and validity.

With the exception of computer programs, which are registered by the Brazilian Patent and Trademark Office, intellectual works can be registered before public offices, such as the National Library, School of Fine Arts and the School of Music. Each institution has its own procedure and related costs.

#### **1.4 What is the duration of copyright protection? Does this vary depending on the type of work?**

Copyright is vested on moral and property rights. Moral rights are perpetual while property rights are limited on time.

The overall rule for the duration of property rights is seventy (70) years, counted from January 1<sup>st</sup> of the year following the author's death.

In the case of jointly owned works, the seventy (70) year period will be counted as from the death of the last surviving co-author.

Moreover, anonymous works or works published under pseudonyms will also be protected for seventy (70) years counted as of January 1<sup>st</sup>, following the first disclosure of the work. The same applies to audio-visual and photographic works.

#### **1.5 Is there any overlap between copyright and other intellectual property rights such as design rights and database rights?**

Yes, it is possible to accumulate different intellectual property rights over the same work, provided that said work fills the protection requirements for each intellectual property right, which differ substantially from one another. Usually, copyright overlaps with 3D trademarks and industrial design rights, although it is possible that a computer program can be protected as copyright as well as be part of an invention protected by a patent, if the industrial invention is implemented by software. In this case, the computer program itself would not be protected, but rather the invention itself.

#### **1.6 Are there any restrictions on the protection for copyright works which are made by an industrial process?**

Article 8 of BCL establishes that the industrial or commercial use of ideas contained in the works is not subject to protection.

This led in the past to a false interpretation that works made by an industrial process are not entitled to protection under copyright law. Accordingly, Brazilian judges were sceptical in granting copyright protection for goods manufactured by an industrial process.

Nowadays, this controversy seems a bit outdated, and important case law has in general terms afforded copyright protection for products made by an industrial process, such as bags and purses, under the argument that the means of reproduction of the work does not affect in any way the protection granted by copyright.

## **2 Ownership**

#### **2.1 Who is the first owner of copyright in each of the works protected (other than where questions 2.2 or 2.3 apply)?**

The first owner is the individual who created the intellectual work, as per article 11 of BCL.

#### **2.2 Where a work is commissioned, how is ownership of the copyright determined between the author and the commissioner?**

There are no legal provisions in BCL that specifically regulate the ownership of rights arising out of commissioned works. Bearing in mind BCL's article 11 abovementioned in question 2.1, it is therefore recommended that, in the commission agreement, the parties establish that all property rights related to the commissioned work are transferred to the commissioner. The moral rights, however, will always remain with the author.

Moreover, when it comes to collective work, it is noteworthy that article 17, paragraph 2 of BCL determines that the "organizer" is the titleholder of the property rights. The organizer may be an individual or a corporate that publishes the work under its name or trademark.

On the other hand, regarding computer programs, Brazilian Software Law provides that, unless otherwise stipulated in the commission or employment agreement, the copyrights belong to the commissioner of the computer program or the employer.

#### **2.3 Where a work is created by an employee, how is ownership of the copyright determined between the employee and the employer?**

There are no express rules in BCL addressing employees' creations.

While the issue is controversial, it is understood that there is no automatic assignment of rights to the employee, except in case of computer programs. So, it is advisable that employers insert a copyright assignment clause in the employment contract, but also execute separate assignments for each work created by the employee.

However, it is important to highlight that if the work falls under the concept of collective work, the employer that disclosed the work under its name or trademark may claim ownership over the property rights as the organizer of the work.

#### **2.4 Is there a concept of joint ownership and, if so, what rules apply to dealings with a jointly owned work?**

Yes, joint ownership is recognised by BCL as a work created together by two or more authors.

If the jointly owned work is divisible, each co-author can explore its contribution as an individual and separate work, as long as it does not bring any harm to jointly owned work.

Conversely, if it is indivisible, none of the co-authors may disclose or authorise the disclosure of the work without the consent of the others, except as a collection of all his/her works, under the penalty of paying for losses and damages. In case of conflict, the decision taken by the majority of the co-authors rules. Nevertheless, the co-author in the losing end of the conflict may choose not to bear any costs related to the disclosure and not have its name displayed. In this case, he/she would automatically renounce their profit share arising from the exploitation of the work.

Also, if the jointly owned work is indivisible, each co-author may, without the consent of the remaining co-authors, apply for registration and defend its own rights against third parties.

It is worth paying special attention to our comments regarding collective work in questions 2.2 and 2.3 above.



### 3 Exploitation

#### 3.1 Are there any formalities which apply to the transfer/assignment of ownership?

In accordance with article 50 of BCL, total or partial assignment of authors' property rights must be executed in writing.

It is important to note that, in Brazil, any assignment agreement is interpreted in a restricted fashion in favour of the author.

Accordingly, it is paramount that all assignment conditions are expressly comprised in the agreement, including the territory, all forms of exploitations, right to disclose and adapt the work, the term, the price, etc.

According to BCL's articles 49 and 50, in absence of written provision, the assignment will be presumed royalty-bearing, will have a maximum term of five years, will only be valid in the country in which the agreement was executed, and will only comprise the form of exploitation to which the agreement was executed.

#### 3.2 Are there any formalities required for a copyright licence?

The comments made in question 3.1 above also apply to copyright licences. Accordingly, licence agreements must be executed in writing in clear language and must detail all parties' rights and obligations.

#### 3.3 Are there any laws which limit the licence terms parties may agree (other than as addressed in questions 3.4 to 3.6)?

Initially, it is important to stress that BCL's article 27 states that moral rights are inalienable and cannot be the subject of an agreement.

Regarding future works, BCL's article 51 provides that the assignment will only comprise works created in a maximum term of five years.

#### 3.4 Which types of copyright work have collective licensing bodies (please name the relevant bodies)?

The most important collective licensing body is the Collection and Distribution Central Office ("ECAD"). Its purpose, established by BCL's article 99, is to centralise the collection and distribution of public musical execution rights. ECAD is composed of seven non-profit associations, mostly connected with musicians and performers.

In the field of dramaturgy and visual arts, there is ABRAMUS – the Brazilian Association of Music and Arts, which also includes musicians and is itself affiliated to ECAD.

#### 3.5 Where there are collective licensing bodies, how are they regulated?

The collective licensing bodies are regulated by articles 97 to 100-B of BCL, as modified by Law no. 12,853/13. These provisions lay the foundation for the formation and functioning of collective licensing bodies. Said articles establish, among other provisions, that collective licensing bodies perform an activity of public interest and must be non-profit associations.

#### 3.6 On what grounds can licence terms offered by a collective licensing body be challenged?

Once conveyed by the copyright owner, the licence can only be challenged in court under very few circumstances, especially if they are not consistent with the law. However, the copyright owner may challenge the lack of payment, the methods of collecting and distributing payments, as well as their amounts, either in court or by means of mediation/arbitration as provided in BCL's article 100-B.

### 4 Owners' Rights

#### 4.1 What acts involving a copyright work are capable of being restricted by the rights holder?

All acts that violate author's moral rights and property rights may be restricted by the author, unless otherwise provided by law or an agreement.

Accordingly, BCL's article 29 lists a series of acts that require the author's prior and express consent. We list below the most relevant ones, as follows:

- (i) the reproduction (partial or total, by writing, drawing and/or other means) of the work or its use in any form that currently exists or has yet to be invented;
- (ii) the disclosure of the work;
- (iii) the adaptation, translation into any language, musical arrangement or any other transformation of the work;
- (iv) the distribution of the work, unless otherwise provided in an agreement executed by the author with a third party concerning the use or exploitation of the work; and
- (v) the direct or indirect use of the literary, artistic and scientific works (such as performances, recitals, etc.).

#### 4.2 Are there any ancillary rights related to copyright, such as moral rights, and if so what do they protect, and can they be waived or assigned?

Yes, BCL in article 22 recognises the author's moral rights over the work created.

Further, article 24 provides a description of said moral rights. The first one would be the right to claim authorship of the work at any given time. Accordingly, the author has also the right to have his/her name, pseudonym or any desired sign displayed in the exploitation of the work.

Moreover, the author has the moral right to keep the work from being disclosed to the public.

The author has also the right to adapt the work before or after the work was used. Conversely, the author has the right to secure the integrity of the work, by refusing any modification or act that may put the work in harm's way or that damages the author's reputation or honour. Accordingly, the author may suspend any form of exploitation that harms his/her image or reputation.

BCL's article 27 states that moral rights are inalienable and cannot be the subject of an agreement. Brazilian courts and doctrine have interpreted this norm rigorously, considering that moral rights are not subject to transferral or waiver by the author.

However, under very specific situations and on an exceptional basis, we understand that, although moral rights cannot be alienable, the parties could limit their effects and applicability if the work is

applied to the industry, especially if there are technical constraints imposed by the means of production.

Unfortunately, court actions involving the validity of such clauses are not very common in Brazil, as we do not have a solid understanding on this matter from the courts.

#### **4.3 Are there circumstances in which a copyright owner is unable to restrain subsequent dealings in works which have been put on the market with his consent?**

Although not expressly provided under Brazilian Law, the doctrine recognises the principle of exhaustion of rights whenever the author willingly agrees to its first sale. In this sense, once the author deliberately put its creation into the market, he/she may not stop its resale to third parties.

However, it is important to highlight that, in case of works of art and written creations, BCL determines that the author has a right to receive a remuneration of 5% over the additional price the work was resold by, when compared to the initial selling price.

Notwithstanding, the sale of the work does not include the assignment of the author's moral rights. Therefore, if the use by the new buyer harms the author's image or reputation or the work's integrity, he/she could stop the new buyer's use.

## **5 Copyright Enforcement**

#### **5.1 Are there any statutory enforcement agencies and, if so, are they used by rights holders as an alternative to civil actions?**

As an alternative to civil actions, it is common for copyright owners to work together with customs authorities to counter the import of counterfeit goods. In Brazil, customs authorities may seize suspicious products (that may infringe third parties' copyrights and/or trademarks) at ports and airports *ex officio*. However, for these products to remain seized and be subsequently destroyed, the IP owner must submit within a 10-business-day term, extendable for one additional period of 10 business days, an affidavit confirming that the goods are counterfeit (some customs units require a court order to this end).

In addition, as copyright infringement is a crime foreseen in the Brazilian Criminal Code, the copyright owner may file a complaint in any police station and initiate an investigation leading to a criminal lawsuit. Currently, there are two police departments specialised in IP crimes in Brazil, located in the cities of Rio de Janeiro and Recife.

#### **5.2 Other than the copyright owner, can anyone else bring a claim for infringement of the copyright in a work?**

Other than the copyright owner, the "collective management bodies" mentioned in questions 3.4 and 3.5 above have the legitimacy to claim damages for the public reproduction of the work, on behalf of the copyright owner.

In addition, licensees may also act on behalf of the copyright owner in the defence of the work, provided that the licence agreement expressly grants the licensee the right to do so.

In the criminal sphere, if the infringement is made for profit purposes, the criminal action may be filed by the Public Prosecutor Office even if no prior complaint is filed by the IP rights holder.

#### **5.3 Can an action be brought against 'secondary' infringers as well as primary infringers and, if so, on what basis can someone be liable for secondary infringement?**

In accordance with Brazilian Law, "secondary infringers" can also be civilly and criminally liable by infringing copyright or neighbouring rights.

In the civil sphere, secondary liability exists if you can prove a strong link between the violation of the right and those additional individuals, as well as the existence of negligence or fault.

The Brazilian Criminal Code expressly provides that it is a crime to import, distribute, commercialise and/or maintain in stock products that infringe third parties' copyrights.

#### **5.4 Are there any general or specific exceptions which can be relied upon as a defence to a claim of infringement?**

The defence strategy shall be analysed on a case-by-case basis, but recurrent defence strategies rely on challenging the protection of work (if the work is entitled to protection under Brazilian Law), if the work has fallen into public domain, as well as the ownership and authorship of the work.

#### **5.5 Are interim or permanent injunctions available?**

The Brazilian courts are receptive to granting preliminary injunction orders against all infringers (primary and/or secondary) if the plaintiff can demonstrate the infringement of his/her rights and the urgency of the measure.

#### **5.6 On what basis are damages or an account of profits calculated?**

In Brazil, there is no provision for punitive damages. On the other hand, losses and damages are totally in accordance with our law. In this regard, the main idea of Brazilian civil law is to restore the situation back to before the infringement occurred. In this sense, BCL's articles 103 and 107 establish that damages will never be inferior to the profit and the revenues obtained during the infringement. Also, if it is not possible to determine the profit made by the infringer, damages and losses can be estimated based on the royalties the copyright owner would have been paid if a licence was granted.

In some cases moral damages can also be granted, although there is no precise method of calculation and the amount can vary considerably depending on the judge and the circumstance of the infringement.

#### **5.7 What are the typical costs of infringement proceedings and how long do they take?**

The timeframe of an infringement action is closely connected with the complexity of the case and especially the court where it is prosecuted. In general, we estimate that a regular case of copyright infringement takes between one and three years, to be decided (on the merits) by a District Judge.

Regarding the typical costs, besides lawyers' fees, there are official taxes that are usually connected with the value given by the Plaintiff

to the case (and this also varies from one court to another), and a court's bond that is due by any foreign company that wishes to file court actions in Brazil to guarantee the payment of damages (this amount is fully recovered by the company if it wins the case). We can roughly estimate that a company will expend between US\$10,000 and US\$30,000 on a copyright litigation until there is a decision on the merits from the District Judge.

#### **5.8 Is there a right of appeal from a first instance judgment and if so what are the grounds on which an appeal may be brought?**

Decisions on the merits from the District Judges (first instance) can be appealed to the State Court of Appeals, where they will be judged by a panel of three Justices. In the appeal, the party may bring any argument to challenge the District Judge's decision. However, there is a restriction for new documents and arguments that were not submitted before the District Judge.

From the decision issued by the Appellate Court, it is also possible to file a special appeal to the Superior Court of Justice and/or an extraordinary appeal to the Supreme Federal Court. However, the grounds on which these appeals may be brought are limited to violation of Federal rules (for special appeal) and violation of constitutional rules (for extraordinary appeal). The revaluation of facts and evidence are not allowed in these instances.

#### **5.9 What is the period in which an action must be commenced?**

In accordance with our Brazilian Civil Code, the statute of limitation for recovering damages from a copyright infringement is three years, counted from the date when the owner becomes aware of the infringement.

However, for the purposes of stopping an ongoing infringement, it is highly advisable to act immediately after taking notice of the infringement, as urgency is a mandatory requirement for the granting of preliminary injunctions.

## **6 Criminal Offences**

#### **6.1 Are there any criminal offences relating to copyright infringement?**

Yes, as mentioned above in question 5.1, copyright infringement is a crime foreseen in the Brazilian Criminal Code's article 184.

#### **6.2 What is the threshold for criminal liability and what are the potential sanctions?**

Due to the principle of legality, it is necessary to demonstrate during the lawsuit that the alleged infringer precisely committed the criminal conducts laid down in article 184 of the Criminal Code. Therefore, at investigation level, it is important to attest that the counterfeit goods belonged to the infringer, and that an expert produces a report attesting that the seized products are indeed counterfeit.

The penalties may range from three months to four years of prison, without prejudice of a fine depending on the circumstances of the crime, i.e. if the copyright was infringed for the purposes of obtaining profit or not.

## **7 Current Developments**

#### **7.1 Have there been, or are there anticipated, any significant legislative changes or case law developments?**

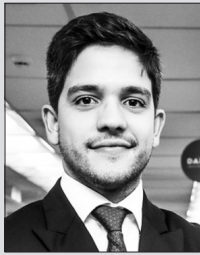
In early 2017, the Brazilian Superior Court of Justice ruled a decision in favour of ECAD, the collective licensing body for musicians and performers, in a lawsuit moved against a famous local telecom company for collection of payments generated by the reproduction of music in its streaming services.

In its decision, the Superior Court of Justice understood that the reproduction of songs in streaming platforms constitutes a new public reproduction of musical works and therefore, under BCL, royalties must be paid accordingly.

Said decision has impacts on other streaming service providers, such as Spotify, Deezer and Google Play.

#### **7.2 Are there any particularly noteworthy issues around the application and enforcement of copyright in relation to digital content (for example, when a work is deemed to be made available to the public online, hyperlinking, etc.)?**

In the decision mentioned in question 7.1 above, the Brazilian Superior Court of Justice has adopted the understanding that the number of people that had effective access to the work is irrelevant for the purposes of assessing if a musical work was reproduced online. The most important feature is to determine if the work was available to a collective group of online content users. The mere fact of making the work available and at the reach of an undetermined number of people is enough to characterise the public execution of a musical work.

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Antonio joined Daniel Legal & IP Strategy in 2017 as a partner of the Licensing and Business Transactions Department in the São Paulo office. His experience covers all aspects of intellectual property, with a particular emphasis on contracts and transactions involving franchising, technology transfer, trademarks, copyright, industrial design, patents, R&D and plant varieties. Furthermore, Antonio handles the analysis and drafting of commercial agreements and related transactions, such as agency and distribution agreements. He is experienced in trademark prosecution, copyright protection and software registration. He has worked with Intellectual Property for over five years and before joining Daniel Legal & IP Strategy, he worked for another major Brazilian IP law firm. His professional experience also includes working in France for an international organisation and an IP law firm for a period of three months. Antonio holds a Master of Laws degree in Intellectual Property Law/Design Law from Université Lumière Lyon 2 and a Bachelor of Laws (LL.B.) degree from Rio de Janeiro Federal University ("UFRJ"). Antonio is a member of the Brazilian Bar Association.

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Hannah has worked in intellectual property for more than 13 years and is currently a partner and the head of licensing at Daniel Legal & IP Strategy, where she has built an internationally recognised practice helping foreign companies protect and grow their business footprint in Brazil. Her practice spans transactional work in both intellectual property and corporate law, with an emphasis on franchising, distribution, agency agreements, technology transfer, copyright, industrial designs, patents, R&D, and trademark licensing. Hannah received her J.D., with highest honours, from Rio de Janeiro State University and her Corporate Law LL.M. from IBMEC. She is a member of the Brazilian Bar Association, Licensing Executives Society of Brazil, the Licensing Executives Society International, the Brazilian Franchise Association, and the International Trademark Association ("INTA").



For six decades, Daniel Legal & IP Strategy has been helping to manage the assets and innovations that give dynamic businesses their competitive edge. We understand the opportunities and risks you face, and how to prepare for them. With a deep knowledge of Brazil's complex legal environment, we combine cutting-edge technical and litigation expertise with real-world business experience to deliver proactive legal services that fit your goals.

With a team of 180 partners, attorneys, engineers and other legal professionals, we excel at managing complex projects with a seamless one-firm approach. Most of our IP attorneys and technology specialists have advanced degrees or hands-on experience in engineering, computer science, biology and materials science.

We are proud to be the largest woman-owned, woman-led law firm in Latin America. We also are pleased to be certified as a Women-Owned Business by WEConnect International, guaranteeing that our company meets the standards for Women's Business Enterprises.

# Canada

Bereskin & Parr LLP

Jill Jarvis-Tonus



## 1 Copyright Subsistence

### 1.1 What are the requirements for copyright to subsist in a work?

Copyright exists automatically in every original literary, dramatic, musical and artistic work, published or unpublished, once the work is in a fixed form. The author must be a citizen or resident of Canada or any other treaty country (i.e. Berne Convention, WCT or UCC country or WTO member) on the date of making the work.

Specific works included in these broad categories are non-exhaustive. For example, literary works include everything from books to computer software code, packaging text and advertising. Artistic works include paintings and etchings but also logos, charts, photographs and architectural and technical drawings.

A work must be original, meaning it was not copied from another work and the author needed to have exercised some skill and judgment in creating it.

### 1.2 On the presumption that copyright can arise in literary, artistic and musical works, are there any other works in which copyright can subsist and are there any works which are excluded from copyright protection?

Neighbouring right copyrights also automatically exist in sound recordings, performers' performances and communications signals provided the makers of the sound recordings, the performers and the broadcasters meet certain nationality or territorial requirements.

Copyright also exists in original compilations of literary, artistic, dramatic, and musical works and of data. These copyrights protect an author's skill and judgment in the selection or arrangement of the works or data.

Copyright protection will not be extended to facts and information, ideas, concepts, schemes, formulas, algorithms, or methods or principles of manufacture or construction.

### 1.3 Is there a system for registration of copyright and if so what is the effect of registration?

It is possible, but not mandatory, to register copyrights. Benefits of registration are: (a) the registration certificate is considered *prima facie* evidence of copyright subsistence in the work and copyright ownership; and (b) if the work is registered an infringer cannot rely on a defence of "innocent infringement" which, if successful, limits an owner's remedy to an injunction.

### 1.4 What is the duration of copyright protection? Does this vary depending on the type of work?

For most works, copyright in Canada lasts the lives of all author(s) plus 50 years following the end of the calendar year in which the last author dies. Where the author is unknown, copyright exists for the shorter of two periods: the remainder of the calendar year of the first *publication* plus 50 years; or the remainder of the calendar year of the *making* of the work plus 75 years. If during any of these terms, the author becomes known, the copyright will then exist for 50 years from the end of the calendar year in which the author dies.

Copyright in works owned by the Crown subsists for 50 years following the end of the calendar year in which that work was first published.

Copyright in a performer's performance subsists for 50 years from the end of the calendar year in which the performance occurs unless, during term, the performance is fixed on a sound recording, in which case, copyright subsists for 50 years from the end of the calendar year in which the fixation occurs, or, if during the term, that sound recording is published, the copyright will subsist until the earlier of the end of the calendar year in which the sound recording was published plus 70 years or 100 years after the end of the calendar year in which the fixation occurred.

Copyright in a sound recording subsists for 50 years from the end of the calendar year in which it was recorded or, if during that term, the sound recording is published, the copyright subsists until the earlier of 70 years from the end of the calendar year in which first publication occurred or the end of 100 years from the end of the year in which the sound recording was made.

### 1.5 Is there any overlap between copyright and other intellectual property rights such as design rights and database rights?

There is no separate statutory protection for databases in Canada. Original compilations of data are protected under the Copyright Act ("the Act").

Under the Act, where a design is applied to a useful article (i.e. an article that has some function other than merely serving as a substrate for artistic or literary matter) and that article is reproduced in more than 50 copies, the copyright in that design on the article becomes unenforceable and the only protection for the article will be through registration under the Industrial Design Act.

There are exceptions to this rule. The copyright will remain enforceable in (a) graphic or photographic representations applied



to the face of an article, (b) a trademark or label, (c) woven or knitted materials or ones suitable for piece goods, surface coverings or making clothing, (d) architectural works/models of a building, (e) a representation of a real or fictitious being, event or place applied to the article, or (f) articles sold as a set, where less than 50 sets are made.

#### **1.6 Are there any restrictions on the protection for copyright works which are made by an industrial process?**

See question 1.5.

In addition, it is not a copyright infringement to copy, reproduce, reverse engineer, or make drawings of totally functional articles where all the design features are dictated solely by the article's utilitarian features (e.g. a car valve).

## **2 Ownership**

#### **2.1 Who is the first owner of copyright in each of the works protected (other than where questions 2.2 or 2.3 apply)?**

Generally speaking, the first owner of the copyright is the author. The author is not defined in the Act but will generally be considered the individual(s) who actually created the work through an exercise of skill and judgment.

There are exceptions, most notably, employee-created works as discussed in question 2.3 below. Also, the owner of copyright in a sound recording is its "maker", i.e. the person by whom the arrangements necessary for the making of the recording are undertaken. This is typically the record producer or record label.

Copyright in works created or published under the direction or control of the Crown is owned by the government.

Broadcasters own the copyright in their communication signals.

#### **2.2 Where a work is commissioned, how is ownership of the copyright determined between the author and the commissioner?**

Unless there is a written assignment from the author to the commissioning party, copyright in the commissioned work still automatically vests first in the author.

However, the commissioning party may have certain rights to reproduce and use the commissioned works for non-commercial, personal activities, for example, commissioned wedding pictures.

#### **2.3 Where a work is created by an employee, how is ownership of the copyright determined between the employee and the employer?**

Copyright in works created by employees (i.e. those working under a "contract of service"), within the course of their employment, will automatically be owned by the employer. There is no statutory definition of "contract of service" and the Courts have looked at many common law factors in defining this term, primarily whether the employer has direct control over the employee's work. Secondly, the work must be created during the course of the employee's employment, i.e. creating these types of works falls within the scope of the employee's duties.

#### **2.4 Is there a concept of joint ownership and, if so, what rules apply to dealings with a jointly owned work?**

The concept of joint authorship/ownership exists under the Act. A work of joint authorship is created where there is a collaboration of two or more authors in which the contribution of one author is not distinct from that of the other authors.

Typically, joint authors own the work in equal shares as tenants in common as opposed to joint tenants. Therefore, generally speaking, one author cannot exclusively license or assign the copyright without dealing with the other joint authors/owners.

## **3 Exploitation**

#### **3.1 Are there any formalities which apply to the transfer/assignment of ownership?**

Any assignment must be in writing and signed by the copyright owner or their agent. The assignment need not be registered but can be with the Canadian Intellectual Property Office (CIPO).

#### **3.2 Are there any formalities required for a copyright licence?**

A licence granting a proprietary interest in a copyright (e.g. an exclusive licence) must be in writing and signed by the owner of the copyright or his/her agent. If the licence does not transfer a proprietary interest but merely permits actions by the licensee which would normally be infringements, the agreement can be made orally.

#### **3.3 Are there any laws which limit the licence terms parties may agree (other than as addressed in questions 3.4 to 3.6)?**

There are no such laws under the Copyright Act. Such licence terms might be subject to restrictions, however, under other statutes, e.g., the Canadian Competition Act.

#### **3.4 Which types of copyright work have collective licensing bodies (please name the relevant bodies)?**

There are numerous organisations in Canada involved in the collective licensing of rights of copyright for specific types of works. The major collective licensing bodies in Canada are: Access Copyright, which represents writers and publishers for the copying of literary materials; the Society of Composers, Authors and Music Publishers (SOCAN) which administers public performance and telecommunication rights in musical works for composers and music publishers; the Canadian Musical Reproduction Rights Agency (CMRRA) which licenses reproduction rights, including synchronisation rights, in musical works for music publishers; CONNECT Music Licensing, which licenses the reproduction of sound recordings and the reproduction and broadcast of music videos on behalf of record companies, producers and artists; the Re:Sound Music Licensing Company which collects royalties for performing artists and record companies concerning their performance rights; and the ACTRA Performing Rights Society (ACTRA PRS) which collects royalties for recording artists.

There are also several collectives in the Province of Quebec, which administer similar rights in French language works.

### 3.5 Where there are collective licensing bodies, how are they regulated?

The requirements to become a collective licensing body are set out in the Act. They are regulated, generally speaking, by the Canadian Copyright Board (the Board), an administrative tribunal created under the Act. Some collective licensing bodies must submit proposed tariffs to the Board, in both official languages, of all royalties to be collected. The Board, after proper review and hearing from the parties, certifies the tariffs to be paid for a set period of time. The Copyright Board may change the royalties or terms of any licence.

Other collective licensing bodies may, but are not mandated to, file their proposed tariffs with the Board for approval in the event that the licensing body and the users cannot privately agree on terms.

### 3.6 On what grounds can licence terms offered by a collective licensing body be challenged?

As stated, the Board can vary any terms in a collecting body's proposed tariff as well as resolve disputes between collectives and users when they cannot agree on licence terms. Decisions of the Board can be appealed to the Federal Court of Appeal.

## 4 Owners' Rights

### 4.1 What acts involving a copyright work are capable of being restricted by the rights holder?

The Act gives copyright owners the exclusive right to: (a) produce or reproduce the work, in whole or substantial part, in any material form; (b) perform the work, in whole or substantial part, in public; (c) publish the work, in whole or substantial part; (d) translate the work; (e) convert one type of work into another, e.g. a novel into a play; (f) make a sound recording or a film out of a literary, dramatic or musical work; (g) communicate the work to the public by telecommunication; (h) publicly exhibit artistic works created after June 7, 1988, for purposes other than rent or sale; (i) rent out a computer program or a sound recording; (j) where the work is in a tangible object, sell or transfer ownership of the tangible object as long as that ownership has never previously been transferred in or outside Canada with the copyright owner's authorisation; (k) make the work available online to the public; and (l) authorise any of these acts.

Performers have rights in their performances to: (a) first fix them on a recording and make copies of the recording; (b) communicate live performances by telecommunication; (c) perform them in public; (d) rent out recordings of the performances; (e) make such sound recordings available to the public through online on-demand services; (f) if the sound recording is fixed in a tangible object, to sell/transfer ownership of the tangible object as long as that ownership has never previously been transferred in or outside of Canada with the performer/copyright owner's authorisation; and (g) authorise any of these activities.

Makers of sound recordings have the right to: (a) first publish the sound recording; (b) reproduce it in any material form; (c) rent it out; and (d) authorise any of these acts.

Broadcasters have the right in respect of their communication signals to: (a) record the signal; (b) make copies of that recording; (c) authorise another broadcaster to retransmit the signal to the public simultaneously with its broadcast; (d) perform a television

communication signal in a place open to the public if an entrance fee is paid; and (e) authorise any of these acts.

In addition, it is prohibited under the Act (with some exceptions) to: (a) circumvent a technological protection measure ("TPM"); (b) offer, provide or market services that are primarily for the purpose of circumventing a TPM; or (c) provide or market any technology which is designed or produced primarily for the purpose of circumventing a TPM. It is further prohibited for a person to knowingly and, without proper consent, remove or alter electronic rights management information (i.e. information identifying the work, its author or other rightsholder) if they knew or ought to have known that its alteration or removal would conceal or facilitate infringement. It is further prohibited for a person to knowingly sell, rent, distribute, or telecommunicate to the public a work where such information has been altered or deleted in violation of this section.

### 4.2 Are there any ancillary rights related to copyright, such as moral rights, and if so what do they protect, and can they be waived or assigned?

Authors and performers have moral rights in their works and performances, respectively. The right to the integrity of the work/performance is infringed if the work or performance, to the prejudice of the author's or performer's reputation is: (a) distorted, mutilated or otherwise modified; or (b) used in association with a product, service, cause or institution. They also have the right, where reasonable, to be associated/credited with the work/performance by name or by pseudonym or to have their name removed from the work/performance. Moral rights exist as long as the associated copyright exists and can be bequeathed to the author's/performer's heirs. Moral rights cannot be assigned but may be waived. The same remedies are available for moral rights infringement as for copyright, namely, damages, injunctions and delivery of infringing copies.

### 4.3 Are there circumstances in which a copyright owner is unable to restrain subsequent dealings in works which have been put on the market with his consent?

Generally speaking, once copies of a work have been sold or otherwise distributed to the public, with the copyright owner's consent, that right of first publication is exhausted and the copies can thereafter be re-sold or re-distributed without further consent of the copyright owner.

However, the rights of copyright set out above remain. Therefore, no subsequent owner of a lawfully distributed copy can exercise those rights without the copyright owner's consent, e.g., make further copies, modify the copy, publicly perform or telecommunicate the copy, or translate it.

## 5 Copyright Enforcement

### 5.1 Are there any statutory enforcement agencies and, if so, are they used by rights holders as an alternative to civil actions?

No, there are no such agencies.

### 5.2 Other than the copyright owner, can anyone else bring a claim for infringement of the copyright in a work?

In addition to assignees, exclusive licensees may sue for copyright infringement.

Under certain circumstances, an “exclusive distributor” of a book, as defined under the Act, may prohibit the importation, sale, rental, distribution by way of trade, offer for sale or rental or public exhibition of books which were printed with the consent of the copyright owner in a foreign country, but not with the consent of the Canadian copyright owner and the infringer knows or should have known that the book would have infringed copyright, if made in Canada.

### **5.3 Can an action be brought against ‘secondary’ infringers as well as primary infringers and, if so, on what basis can someone be liable for secondary infringement?**

It is an infringement for any person to sell or rent, distribute to such an extent as to affect prejudicially the copyright owner, by way of trade distribute, offer of sale or rent, or exhibit in public, possess or import into Canada for any of these purposes, copies of a work, sound recording, performer’s performance on a sound recording, or communication signal that the person knows or should have known would infringe copyright or would infringe copyright if made in Canada by the person who made it.

The Supreme Court in *CCH Canadian Ltd. v. Law Society of Upper Canada* stated that there are three elements to secondary infringement: (a) there must be a primary infringement; (b) the secondary infringer should have known that he or she was dealing with an infringing item; and (c) the secondary infringer sold, distributed, or exposed for sale, the infringing items.

### **5.4 Are there any general or specific exceptions which can be relied upon as a defence to a claim of infringement?**

There are numerous general and specific exceptions to infringement under the Act. The broadest exceptions, re-characterised by the Supreme Court of Canada as “users rights”, not defences, are the fair dealing provisions which permit persons to make a fair use of copyright works for the purposes of research, private study, education, parody or satire.

Criticism and review and news reporting are also recognised as fair dealing purposes, provided the source, and if included in the source, the author’s, maker’s or performer’s name, are credited.

Even if the use is for a permitted purpose, it must also be a fair use. In determining this second issue, the courts look at six factors: (a) the purpose of the use; (b) the nature of the use (commercial v. non-commercial); (c) the scope of the use (amount copied, how many copies made); (d) alternatives to the use; (e) the nature of the work; and (f) the effect of the use on the market for the copied work.

Educational institutions, libraries, archives, and museums are also granted a series of narrower exemptions from infringement for specific uses of works.

On June 29<sup>th</sup>, 2012, the Act was amended to add several infringement exceptions for individuals making non-commercial and personal uses of works, including recording television and radio shows for time shifting purposes, transferring works from one media to another, creating online user generated content which contains third-party works without any motive of gain (the so-called “mashup exception”) and making additional copies of computer programs for back-up purposes or to make the program compatible with another program. There are restrictions on some of these personal use exemptions, including not circumventing technological protection measures (“digital locks”) to make these permitted uses.

Finally, in appropriate cases, the equitable defences of laches and estoppel are also available against infringement claims.

### **5.5 Are interim or permanent injunctions available?**

Interim, interlocutory and permanent injunctions are available. Canadian courts have adopted a three-step test for granting interlocutory injunctions: (1) the applicant must show there is a serious question to be tried; (2) that there would be irreparable harm to the applicant’s interests if an injunction were not issued; and (3) the Court has to determine, on a balance of convenience, which party would suffer the greater harm by ordering or refusing the injunction.

### **5.6 On what basis are damages or an account of profits calculated?**

Under the Act, an infringer is liable to pay the damages the owner has suffered due to the infringement and that part of the infringer’s profits that were not taken into account when calculating damages. In appropriate cases of egregious behaviour by an infringer, a Court may also award punitive damages.

Alternatively, a plaintiff can elect to receive statutory damages at any time prior to final judgment. The Act sets statutory damages, with respect to all infringements of a commercial nature, for each work in the proceedings, in a range of not less than CAD 500 and not more than CAD 20,000, at the discretion of the Court. Where the infringement is not commercial in nature, the range of statutory damages is reduced to not less than CAD 100 and not more than CAD 5,000 with respect to all infringements involved in the proceedings for all works.

In certain equitable circumstances, the Act permits the Court to further reduce the statutory damages awarded, per work, to below CAD 500 for commercial infringements.

### **5.7 What are the typical costs of infringement proceedings and how long do they take?**

Prosecuting an infringement action from filing the claim to trial typically takes a minimum of two years, often longer. The courts will hold status reviews to move proceedings forward to either settlement or trial but, often, it still takes years to complete the various stages of litigation and a trial.

Costs vary depending on how many motions or other interlocutory steps may arise in the litigation. Typically, the cost of taking an action to trial would be in the range of CAD 150,000 to CAD 400,000. Most actions, however, settle before trial.

### **5.8 Is there a right of appeal from a first instance judgment and if so what are the grounds on which an appeal may be brought?**

Any decision of the Federal Court can be appealed to the Federal Court of Appeal, pending leave from the Court. Appeals can be brought to challenge final decisions, judgments on a question of law or interlocutory injunctions.

If a copyright action is brought in a Provincial Court, which in some instances also has copyright jurisdiction, an appeal can be brought to the relevant Provincial Appeal Court.

### **5.9 What is the period in which an action must be commenced?**

An action must be commenced within three years of the time when the plaintiff knew or was reasonably expected to know that

the infringement had taken place. However, every time another infringing copy is made, it is considered to be a new infringement which starts the three-year limitation period running again. Therefore, in cases of ongoing infringement over several years, an action will not be statute-barred by the time limitation, although the owner may not be able to obtain remedies for infringements occurring more than three years before the action was commenced.

## 6 Criminal Offences

### 6.1 Are there any criminal offences relating to copyright infringement?

Under the Act, it is a criminal offence to knowingly: (a) make infringing copies of a work, or other copyright-protected subject matter, for sale or rental; (b) sell or rent such infringing copies; (c) distribute such copies for the purposes of trade or to such an extent as to prejudicially affect the copyright owner; (d) publicly exhibit such infringing copies by way of trade; and (e) import or export or attempt to export such infringing copies into or out of Canada for sale or rental.

### 6.2 What is the threshold for criminal liability and what are the potential sanctions?

For criminal liability, the infringer must know that his/her actions are infringing.

If the infringer is convicted on summary conviction, he/she is liable to a fine of not more than CAD 25,000 and/or a prison term of no more than six months.

If convicted on indictment, he/she is liable to a fine of not more than CAD 1,000,000 and/or a prison term of not more than five years.

## 7 Current Developments

### 7.1 Have there been, or are there anticipated, any significant legislative changes or case law development?

Under a 2012 amendment, the government must review the Act every five years, for further reforms needed. In 2018, the government has been reviewing administrative issues concerning the Copyright Board of Canada (“the Board”), which is responsible for setting tariffs for specific copyright collectives and mediating disputes between other copyright collectives and users, where private negotiations have failed. Goals for proposed amendments include decreasing the time required for Board decisions to issue, increasing Board transparency and allowing for public participation. The government has yet to table proposed legislation.

The government is also considering more substantive issues, possibly including: (a) creating a new exemption to permit artificial intelligence machines greater access to big data analytics; (b) broadening the “fair dealing” sections to accommodate such new technology needs; (c) clarifying the intersection between “fair

dealing” provisions and the prohibitions on the circumventing of technological protection devices; (d) uses and misuses of the ISP “notice and notice” regime; and (e) extending the copyright term from life of the author(s) plus 50 years to life of the author(s) plus 70 years. Currently, the Standing Committee conducting the review is accepting briefs from interested parties and will resume its activities, including likely scheduling hearings, when Parliament re-convenes in September 2018.

### 7.2 Are there any particularly noteworthy issues around the application and enforcement of copyright in relation to digital content (for example, when a work is deemed to be made available to the public online, hyperlinking, etc.)?

In *Google v. Equustek Inc.*, the Supreme Court of Canada (“SCC”) upheld a preliminary injunction obtained by Equustek obligating Google to de-index all websites throughout the world of Datalink, the defendant in Equustek’s successful trademark infringement and passing off action which had sold knock-offs of Equustek’s products online. The SCC agreed that the only way this remedy would be effective was to order Google to de-index all the websites, even though it gave the injunction an “extraterritorial” effect and Google had done nothing actionable. The SCC held injunctive relief could be ordered against a non-party to the action. Google has fought back successfully against the injunction in California proceedings in which it argued that the injunction should not be enforced extraterritorially, given certain U.S. laws such as the First Amendment of the U.S. Constitution and the Communication Decency Act, and principles of international comity. The U.S. court agreed, granting a permanent stay of the injunction in the U.S. in December 2017. The reasoning in this case would also apply to online copyright infringement.

In *Access Copyright v. York University*, the Federal Court found that York’s copying, including digital copies, of educational materials for student casebooks, was not “fair dealing”. The University must pay past royalties to the collective, Access Copyright, which it had stopped paying under a compulsory licence. The Act had been amended to add education as a fair dealing purpose. York implemented a fair dealing policy based on the same amounts permitted to be copied under the Access Copyright licence. When Access Copyright sued, the Court agreed that, although York’s use fell under an education purpose, it was not fair since the amounts York permitted to be copied were arbitrary and not based on sound principles. This decision was closely analysed by educational institutions with the hopes it would be appealed, but the parties have since settled the case. This leaves what constitutes fair dealing for education still undefined.

In *Cedrom-SNI inc. v. Dose Pro Inc.*, the Quebec Superior Court granted an injunction against Dose, a data aggregator, prohibiting it from reproducing headlines and first paragraphs from articles in the plaintiffs’ newspapers. Fair dealing claims were rejected on the bases that: (a) these amounts were substantial parts of the article, acting as hooks to readers and distilling the essence of the article; (b) Dose’s service was commercial; (c) the copying reduced the readership of the newspapers; and (d) multiple copies were made.



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## Bereskin & Parr

INTELLECTUAL PROPERTY LAW

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# China

Zhou Qiang



Fu Mingyang



ZY Partners

## 1 Copyright Subsistence

### 1.1 What are the requirements for copyright to subsist in a work?

Copyrightable works include original works of literature, arts and sciences with intellectual results which can be reproduced in a tangible form. Copyrightable works must have the following features:

- a) originality: (1) the author must create the work independently; and (2) the work shall reflect the author's creativity;
- b) expression of thoughts and feelings: the work is the external performance of people's thoughts; feelings; viewpoints; or subjective cognisance. However, mere ideas do not constitute works;
- c) expressed in a certain form: copyright protects expression, not ideas. An object can only be a work when it expresses by use of characters, languages, symbols, voices, actions, colour, or other tangible, perceptible media; and
- d) reproducible: copyrightable works must be fixed in a tangible medium of expression that is reproducible.

### 1.2 On the presumption that copyright can arise in literary, artistic and musical works, are there any other works in which copyright can subsist and are there any works which are excluded from copyright protection?

1. Except for literary, artistic (dramatic, opera, dance and acrobatic artistic works, etc.) and musical works, copyrightable works include:
  - a) oral works;
  - b) artistic works, including paintings, calligraphy, sculptures and other flat or three-dimensional aesthetic works created with the use of lines, colours or other patterns;
  - c) architecture, including aesthetic works in the form of buildings or structures;
  - d) photography;
  - e) cinematography and film;
  - f) graphs, including engineering designs, product designs, structural designs and schematic diagrams to indicate geographic phenomena and explain principles or fundamentals;
  - g) models;
  - h) software; and

- i) folk literature and art works, a special type of copyrightable work having the characteristics of regional diversity, collectivity and heritability.

### 2. Works excluded from copyright protection:

- a) laws, regulations, resolutions, decisions and orders of State agencies, other legislative, administrative and judicial documents, and official translations thereof;
- b) current affairs news; and
- c) calendars, general tables, general form and formulae.

### 1.3 Is there a system for registration of copyright and if so what is the effect of registration?

The PRC's national copyright administration and provincial copyright administrations are in charge of registration. Fee rates differ based on the region and type of work. General works and computer software are usually considered separately. An author may choose whether to register a work or not. A Chinese author's copyright arises automatically upon completion of the work and is evidence of copyright ownership, while a foreign author's copyright arises automatically upon publication of the work in China, or in accordance with an international treaty.

### 1.4 What is the duration of copyright protection? Does this vary depending on the type of work?

Work Type	Period of Protection
Works of individual authors	Life of the author and 50 years, and shall expire on 31 December of the 50 <sup>th</sup> year following the author's death; in the case of co-authored works, the period of protection shall expire on 31 December of the 50 <sup>th</sup> year following the death of the last surviving author.
Works of a legal person or any other organisation	50 years, and the period of protection shall expire on 31 December of the 50 <sup>th</sup> year following the first publication.
Film works, works created using methods similar to film making and photographic works	50 years, and the period of protection shall expire on 31 December of the 50 <sup>th</sup> year following the first publication.
Right of authorship, right of revision, right to preserve the integrity of work of an author	The period of protection is not subject to restriction.

### 1.5 Is there any overlap between copyright and other intellectual property rights such as design rights and database rights?

Certain works may be protectable by more than one form of intellectual property right, such as copyright and trademark rights. For example, some works of fine art may also be eligible for trademark protection. There is also some overlap between copyright and patent rights. For example, computer software meeting patent requirements may also be copyrightable. Some products can be protected by copyright while applying for a design patent.

### 1.6 Are there any restrictions on the protection for copyright works which are made by an industrial process?

There are no clear copyright restrictions on works created through industrial processes. However, in practice, industrial products are unlikely to be copyrightable because they lack literary or artistic value. Chinese copyright law permits copyright protection for computer software.

Regulations for the Implementation of International Copyright Treaties issued by State Council clarify copyright protection to foreign works of applied art. However, it does not protect certain works of fine art (including designs of animated cartoon images) used on industrial products. Copyright protections apply for a term of 25 years from the work's completion. Copyright protects only expressive, rather than functional, content.

## 2 Ownership

### 2.1 Who is the first owner of copyright in each of the works protected (other than where questions 2.2 or 2.3 apply)?

- a) Generally, the copyright shall belong to the author.
- b) The copyright in a deductive work, also known as derivative work, shall belong to the person who creates the deductive work.
- c) The copyright in a compilation shall belong to the person who undertakes the compilation.
- d) The copyright in film works and works created using methods similar to film shall belong to the producers; however, the author of works which may be independently used, such as script, score, etc., in film works shall have the right to exercise his/her copyright independently.
- e) A transfer of ownership of the original copy of works shall not be deemed as transferring the copyright; the exhibition right for the original copy of the artwork belongs to the owner of the original copy.
- f) Except for the situation in which the author's name is stated on the work, the copyright of reports and speeches, etc., that are drafted by others but reviewed and finalised by oneself and published in one's own name, belongs to the report maker or the speech maker. The copyright holders may pay the drafter proper remunerations.
- g) Where the parties concerned jointly create an autobiographical work based on the theme of the experiences of a specific person, if the parties concerned agree on the copyright ownership, the agreement shall be applied; if no agreement is made, the copyright shall belong to the specific person, and the copyright owners may pay proper remunerations to the drafter or arranger who is involved in the completion of the works.

- h) If the author's identity is unclear, the legal bearer of the original work shall have the right to exercise all copyright claims, except the author's right of acknowledgment.

### 2.2 Where a work is commissioned, how is ownership of the copyright determined between the author and the commissioner?

Attribution of copyright of a commissioned work shall be agreed between the principal and the commissioned party through contractual agreement. Where the contract does not specify an agreement or where there is no contract, the copyright belongs to the commissioned party.

### 2.3 Where a work is created by an employee, how is ownership of the copyright determined between the employee and the employer?

Other than authorship rights, copyright of a work created in the course of employment belongs to the employer when:

- a) works are created in the course of employment, primarily with the use of material and technical conditions of the employing legal person or the organisation, and for which the legal person or the organisation bears responsibility; or
- b) works created in the course of employment whose copyright belongs to the legal person or the organisation pursuant to provisions of law, administrative regulations or contractual agreement.

Otherwise, the copyright in a work created in the course of employment belongs to the employee author, and the employer has a right of priority use within its scope of business.

### 2.4 Is there a concept of joint ownership and, if so, what rules apply to dealings with a jointly owned work?

Joint ownership arises in a work jointly created by two or more persons. The copyright of the work shall be co-owned by the co-authors.

Where a co-authored work can be used separately, a co-author may enjoy an independent copyright to their portion, so long as they do not infringe the copyright of the joint work. Authors who have collaborated on works which cannot be divided for independent use shall be entitled to joint copyright of such works, exercised upon consultation with the co-author(s). Where the joint authors cannot agree, the co-authors may not unreasonably prevent the others from exercising copyright claims, other than that of a transfer; any income or profit derived must be divided fairly among joint authors.

## 3 Exploitation

### 3.1 Are there any formalities which apply to the transfer/assignment of ownership?

A copyright holder is entitled to partially or completely transfer the associated exclusive rights in a work. A written contract shall be concluded for a transfer of the rights. This will include:

- a) name of the work;
- b) the type of rights transferred and the geographical scope;
- c) assignment price;
- d) date and method for payment;
- e) default liability; and
- f) any other contents agreed to and deemed necessary.

Rights not specified in a licensing or transfer contract shall not be exercised without the consent of the copyright holder.

An assignee is entitled to apply to place the licensing or transfer contract on record with the relevant copyright administration departments.

### 3.2 Are there any formalities required for a copyright licence?

A contract licensing use should include:

- a) type of rights licensed;
- b) whether the rights licensed are exclusive or non-exclusive;
- c) geographical scope and period;
- d) standards and method for payment;
- e) default liability; and
- f) any other contents agreed to and deemed necessary.

Provided that the licence is exclusive, the contracts should be in writing, and the contract shall include the content of the exclusive right.

### 3.3 Are there any laws which limit the licence terms parties may agree (other than as addressed in questions 3.4 to 3.6)?

Moral rights related to copyright may not be licensed, including publication right, right to authorship, right of revision and right to preserve the integrity of work.

### 3.4 Which types of copyright work have collective licensing bodies (please name the relevant bodies)?

There are Chinese collective licensing bodies for music (Music Copyright Society of China), audiovisual works (China Audio-Video Copyright Association), written works (China Written Works Copyright Society), photographic works (Images Copyright Society of China) and film works (China Film Copyright Association).

### 3.5 Where there are collective licensing bodies, how are they regulated?

Collective licensing bodies conduct their work as per Article 8 of PRC Copyright Law. Their methods of establishment, rights and obligations are stated in the Regulations on Collective Administration of Copyrights, amended by the State Council in 2013.

The collective administration of copyrights is managed by the State Copyright Bureau. This organisation mainly helps: i) to enter into a licensing contract for copyrights or other rights relating to copyrights; ii) to collect licence fees; iii) to transfer licence fees; and iv) to participate in legal or arbitration proceedings.

### 3.6 On what grounds can licence terms offered by a collective licensing body be challenged?

A licensee is entitled to raise objections to the licence terms if:

- a) the collective licensing body is unauthorised or its business is beyond the scope of authorisation;
- b) charge or licence transfer fees of the collective licensing body violate the regulations;
- c) the collective licensing body does not fix a specific amount for licence fees according to announced rates; or
- d) licence terms include other works that users do not need.

## 4 Owners' Rights

### 4.1 What acts involving a copyright work are capable of being restricted by the rights holder?

A rights-holder may restrict the following infringing acts:

- a) publication of a work without permission from the rights-holder;
- b) publication of a joint work as his/her own independently-created work;
- c) passing off, seeking personal fame and fortune;
- d) distortion or tampering;
- e) plagiarism;
- f) use of a work in the form of exhibition, film making and any other methods similar to film making, or use of a work in the form of an adaptation, translation, annotation, etc.;
- g) failure to pay remuneration;
- h) lease of a film work or a work created using methods similar to film making or computer software or audio-visual recordings of such works;
- i) use of the layout design of a book or a periodical without consent;
- j) live broadcast or public transmission of a live performance or recording of the performance without consent; or
- k) any other infringement.

The following infringing acts may also be punished:

- a) reproduction, distribution, performance, screening, broadcasting, compilation or transmission of others' works to the public through an information network without consent;
- b) publication of books for which another party has exclusive publication rights;
- c) reproduction or distribution of audio-visual recordings of a performance or transmission of the performance to the public through an information network without consent;
- d) reproduction or distribution of audio-visual recordings or transmission of audio-visual recordings to the public through an information network without consent;
- e) broadcast or reproduction of radio and television programmes without consent;
- f) intentional circumvention or sabotage of the technical measures adopted by rights-holders for protection of their copyright without consent;
- g) intentional deletion or alteration of electronic data for rights management of works, without consent; and
- h) passing off others' works and production or the sale of such works.

### 4.2 Are there any ancillary rights related to copyright, such as moral rights, and if so what do they protect, and can they be waived or assigned?

Moral rights are not deemed to be merely ancillary rights. Moral rights include: publication rights; right of authorship; right of revision; and the right to preserve the integrity of work.

Ancillary rights refer to the right of the opus propagator. This includes the rights of the publisher regarding layout designs of books and periodicals, the rights of performers regarding their performance, and the rights of television stations regarding broadcasted radio and television programs.

#### 4.3 Are there circumstances in which a copyright owner is unable to restrain subsequent dealings in works which have been put on the market with his consent?

The first sale principle states that the copyright holder has no right to control the resale and distribution of sold copies authorised for release in the market. Academic circles in China generally believe that this principle does not apply to online transmission because transferring works online does not transmit tangible copies.

## 5 Copyright Enforcement

#### 5.1 Are there any statutory enforcement agencies and, if so, are they used by rights holders as an alternative to civil actions?

Statutory enforcement agencies include the NCA (National Copyright Administration) and local copyright bureaus.

One of the most significant functions of NCA concerning IP enforcement is that NCA and its sub-agencies have the power to impose administrative penalties, such as confiscating unlawful gains, confiscating and destroying infringing copies, imposing a fine on copyright infringers if certain copyright infringement is ascertained. If the infringement circumstances are serious, NCA and its sub-agencies can even confiscate key materials, tools and instruments mainly used to produce infringing copies. In practice, local governments have established independent agencies, namely the Integrated Law Enforcement Agency on Cultural Market, responsible for administrative enforcement on the cultural aspect of the market, which covers copyright enforcement. However, administrative enforcement is not deemed entirely as an alternative to a civil lawsuit. If necessary, copyright holders could do both.

#### 5.2 Other than the copyright owner, can anyone else bring a claim for infringement of the copyright in a work?

Other than the copyright owner, an assignee, successor, the licence holder of the exclusive licensing and the collective licensing body may file an infringement lawsuit. The owner of the original copy of a work of art may file a lawsuit to stop an infringing exhibition. A producer can file an infringement lawsuit over infringing films.

#### 5.3 Can an action be brought against 'secondary' infringers as well as primary infringers and, if so, on what basis can someone be liable for secondary infringement?

Yes. If two parties intentionally infringe or implement steps toward infringement, such as dividing labour and cooperation, or implementing other such infringing acts, each suspected infringer will serve as a joint defendant in an infringement lawsuit.

Network service providers may bear liability for infringement where network service providers have instigated or assisted network users in infringing upon the information network transmission rights in the provision of network services, or where they induce or encourage users to engage in infringing activity. This may be true even where providers know or should have known that users are using their services for copyright infringement.

Publishers may also be liable for secondary infringement in certain circumstances, such as where they fail to exercise reasonable care for the authorisation of the publishing acts, the origins and signature of the manuscripts, and the content of publications.

#### 5.4 Are there any general or specific exceptions which can be relied upon as a defence to a claim of infringement?

Use of a work under the following circumstances (fair use) does not require licensing or remuneration:

- use of a work for personal learning, research or appreciation;
- appropriate citation of a work in a work for introduction or commentary;
- inevitable reproduction or citation of a published work for reporting of current affairs;
- translation or replication in small quantity for use in teaching or research at schools;
- use of published works by State agencies within a reasonable scope for execution of official duties;
- replication by libraries, archives, memorials, museums, art galleries, etc. for display or preservation;
- performance of published works to the public for free with no remuneration to performers;
- copying, drawing, photographing and video recording of art works installed or displayed at outdoor public premises;
- translation of Chinese-language works published by Chinese citizens, legal persons or any other organisations into minority language works for publication and distribution in China; or
- translation of published works into Braille for publication.

Where use of a work may not require licensing except where the author has stated that use is not permitted:

- compilation of parts of published works in compilation and publication of textbooks for nine-year compulsory education and national education planning;
- publication or broadcast by media of articles on current affairs pertaining to politics, economics, or religious issues published by other media such as newspapers, periodicals, radio stations, television stations, etc., except where the author has stated that publication or broadcast is not permitted;
- publication or broadcast by media such as newspapers, periodicals, radio stations, television stations, etc. of speeches made at public meetings, except where the author has stated that publication or broadcast is not permitted;
- broadcasting of a published work on media such as radio stations and television stations; or
- use of others' musical works which are already legitimately recorded as audio recordings in the production of audio recordings.

#### 5.5 Are interim or permanent injunctions available?

The copyright (or related rights) holder may apply for injunctions as follows:

- Where a copyright holder or a holder of related rights has evidence to prove an ongoing or impending infringement of his/her rights, and the rights and interests will suffer irreparable damages if the infringement is not promptly stopped, he/she may apply to a People's Court to issue an injunction to stop the infringing acts.
- Where evidence may be destroyed or it is difficult to obtain, a copyright holder may apply to a People's Court for preservation of evidence before or after filing a lawsuit. Because the preserved evidence mostly is of the facilities used for making infringing products, as a result, evidence preservation has the same function as injunction.



While the above methods are classified as interim and impermanent, in practice, the rulings of the Chinese court's final judgment, such as ordering the infringer to stop its infringing acts, can serve as a permanent injunction.

#### **5.6 On what basis are damages or an account of profits calculated?**

The standard of compensation is based on actual loss; where it is difficult to compute actual losses, compensation is based on the infringer's illegal income from sales.

Where it is impossible to determine actual losses or illegal income, a People's Court shall not provide compensation of more than RMB 500,000, according to the extent of infringement. There has been a call for increase of statutory compensation in judicial practice and academic circles. It is likely that the amount of compensation will increase in the future.

#### **5.7 What are the typical costs of infringement proceedings and how long do they take?**

Typical costs mainly include court-charged case-filing fees, costs for investigation and evidence collection and attorney fees, etc.

Chinese Civil Procedure Law sets up certain limitations for trials.

Trials in a People's Court at first instance must be completed within six months from the date of the establishment of the case file, unless granted an extension.

In basic People's Courts and their branches, or for cases in which both parties agree to apply simplified procedures, the action shall be completed within three months.

A People's Court trying an appeal against a judgment of first instance shall complete the trial within three months from the date of establishment of the case. A People's Court trying an appeal case against a ruling shall make a ruling of final instance within 30 days from the date of establishment of the case. However, statutory time limits do not apply to lawsuits with foreign elements.

#### **5.8 Is there a right of appeal from a first instance judgment and if so what are the grounds on which an appeal may be brought?**

Where a litigant disagrees with a judgment of first instance of a local People's Court and applies for an appeal, the People's Court of second instance shall examine the relevant facts and applicable laws for the appeal.

The levels of jurisdiction, from lowest to highest, are: basic People's Courts; intermediate People's Courts; high People's Courts; and the Supreme People's Court.

#### **5.9 What is the period in which an action must be commenced?**

According to the General Provisions of the Civil Law of the People's Republic of China, from October 1, 2017, actions for copyright infringement must be brought within three years, starting from the date when a copyright holder knows or should have known of the infringement.

## **6 Criminal Offences**

### **6.1 Are there any criminal offences relating to copyright infringement?**

There are two charges related to copyright infringement, found in Articles 217 and 218 of the Criminal Law: the crime of infringing copyright; and the crime of selling infringing duplicates. Both crimes are for the purpose of earning profits.

The crime of infringing copyright includes circumstances where a party:

- copies and distributes written, musical, film, televised, and video works, computer software, and other works without permission;
- publishes books whose copyrights are exclusively owned by others;
- duplicates and distributes audio-visual works without permission; and
- produces and sells artistic works bearing fake signatures.

Article 218 of the Criminal Law describes the crime of selling infringing duplicates as selling in excess of the statutory amount of infringing duplicates described in Article 217.

### **6.2 What is the threshold for criminal liability and what are the potential sanctions?**

When the suspect has an illicit income of more than RMB 30,000, or the value of the unlawful business operation is more than RMB 50,000, or the number of infringing duplicates exceeds 500 pages (copies) in total, or when there are other serious circumstances, the suspect is to be sentenced to not more than three years' imprisonment, and/or a fine. When the value of the illicit income exceeds RMB 150,000, or the value of unlawful business operation exceeds RMB 250,000, or the number of infringing duplicates exceeds 2,500 pages (copies), or when there are other serious circumstances, the suspect is to be sentenced to not less than three years' and not more than seven years' imprisonment and a fine.

For selling infringing duplicates, when the suspect has gained an illicit income exceeding RMB 100,000, the suspect is to be sentenced to not more than three years' imprisonment, criminal detention and may in addition or exclusively be sentenced to a fine.

## **7 Current Developments**

### **7.1 Have there been, or are there anticipated, any significant legislative changes or case law developments?**

As of this writing, there have been no significant changes to the copyright law in the last two years. With regard to significant case law developments, the Supreme People's Court released a number of intellectual property cases as guidance cases in March 2017. Of these cases No.81 is a copyright case: *Zhang Xiaoyan vs Lei Xianhe, Zhao Qi and Shandong Booklovers Audio-visual Products and Books* copyright infringement case [Case No: (2013) Min Shen Zi No.1049]. The Supreme People's Court highlighted several key points of the ruling, which provide guidance for the trial



of works with historical subject matter. According to the *Notice of the Supreme People's Court on Issuing the Provisions on Case Guidance*, People's Courts at all levels should use the guidance cases as a reference in the trial of similar cases.

The facts of the case are as follows: Zhang Xiaoyan, the plaintiff, started to draft and adapt the script for *The Plateau Cavalry* ("Zhang's Series") in December 1999. In 2000, the crew began to shoot the TV series. The plaintiff is the copyright holder of the TV series. The defendant, Lei Xianhe, participated in the shooting as an honorary producer. The two defendants shot *The Last Cavalry* ("Lei's Series") afterwards. In 2009, the plaintiff found that there were many similarities between the two series, including the relationships between main characters, plot points and other aspects. Thus the plaintiff filed a lawsuit against the defendants requesting an injunction of the infringement, an apology and compensation for losses.

The core issue of the dispute was whether the defendant's work constitutes copyright infringement. The Court appointed the Copyright Appraisal Committee of the Copyright Protection Center of China to appraise Zhang's Series and Lei's Series. The result shows that there are similarities in the settings, the main characters, the relationships between the characters, and in the outlines of the script. There are same or similar plot points in both scripts, but the expression of the plots is different. The Court held that Lei's Series does not constitute infringement.

The judgment highlights three key lines of reasoning:

1. The main line of the theme and the outline of the plot in works based on the same historical subject is the common wealth of the society. It falls in to the ideological category, and shall not be monopolised by individuals. All people have the right to use historical subjects to create works.
2. To judge whether a work constitutes infringement, the court should decide whether the author of the purported infringing work has access to the work of the rights-holder and whether the content of the infringing work and the work of the rights-holder are substantially similar. When judging whether the works are substantially similar, the judge must compare whether the choices, arrangements and designs in the work are the same as or similar to the rights-holder's work. The judge shall not compare the work from the aspect of thought, emotion, creativity or the object of the work.

According to the regulations of copyright laws, the People's Court shall protect the expression with the author's originality, which means the expressed form of the author's ideas or emotion. The Court shall not protect the ideas, materials, information in public domain, creative form, necessary scenes, and expression with unique or limited form.

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**7.2 Are there any particularly noteworthy issues around the application and enforcement of copyright in relation to digital content (for example, when a work is deemed to be made available to the public online, hyperlinking, etc.)?**

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The three issues of the principle of safe harbour, doctrine of fair use and disclosure obligation of network service provider continue to be challenging issues in cases involving infringement of the right to disseminate through the online network. Although no new laws and regulations have been promulgated in the past year, notable cases have emerged which address new categories of copyright infringement.

One of the most influential recent cases related to digital content is the crime of copyright infringement committed by Beijing Yi Cha infinity Information Technology Co., Ltd. and Yu Dong [Case No: (2015) Pu Xing (Zhi) Chu Zi No.12]. The case was one of the 10 most significant IP cases in China in 2017. This case defines the boundaries between innocence and crime with regard to "trans-coding". In this case, Beijing Yi Cha was the operator of the "Yicha website". The website's purpose was to recode the WEB pages of other websites into WAP pages for users to read. That is to say, the site mainly provided a trans-coding service. However, after the public security appraisers' analysis, it was found that the "Yicha website" was not automatically deleting content from the server's hard disk after transferring the so-called "temporary copy" to the user that triggered the "trans-coding". The content of the copy could then be accessed by other users. This behaviour obviously exceeded the necessary process of trans-coding. The court thus concluded that the "Yicha website" directly provided users with written works involved in the case, which constituted the crime of copyright infringement.

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# Denmark

Tanya Meedom



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## 1 Copyright Subsistence

### 1.1 What are the requirements for copyright to subsist in a work?

For copyright to subsist in a creation, the creation must qualify as a “literary or artistic work”; see question 1.2 concerning the definitions of “literary” and “artistic”. For a literary or artistic creation to constitute a “work”, the creation needs to fulfil a certain threshold of “originality” in the sense that the work must be the result of an individual creative effort from one or more (physical) persons acting as author/authors.

### 1.2 On the presumption that copyright can arise in literary, artistic and musical works, are there any other works in which copyright can subsist and are there any works which are excluded from copyright protection?

Per definition, literary works cover not only written or spoken works with words, text and language, but also computer programs and descriptive works such as maps and drawings. Additionally, all forms of artistic works are copyright protected. The definition of artistic work is quite broad, and would in addition to fine art (paintings, sculptures, drawings, etc.) and music also cover dramatic works, cinematographic works, photographic works, architecture and applied art such as furniture, industrial design and interior decoration. Even fashion items such as jewellery and clothing could be copyright protected in the rare cases where the threshold for “originality” is met. The definitions of literary and artistic works in general excludes technical creations such as machines or machine parts from copyright protection, and the design for semiconductor products (“chips”) is also explicitly excluded.

In addition to copyright protection of literary and artistic works, the Danish Copyright Act protects certain other types of creations (so-called “Other Rights” or “neighboring rights”, Chapter 5 of the Danish Copyright Act), such as the performance of a literary or artistic work by a performing artist, sound recordings, recordings of moving pictures, radio and television broadcasts, photographic pictures, catalogues, tables and databases, and press releases.

### 1.3 Is there a system for registration of copyright and if so what is the effect of registration?

No, there is no system for registration of copyright.

### 1.4 What is the duration of copyright protection? Does this vary depending on the type of work?

The duration of copyright protection is 70 years, calculated from the end of the year of the author’s death, and in case of several authors, the death of the last surviving author; the moral right to oppose alterations, however, is perpetual if “cultural interests” are at stake.

The general duration of the Other Rights protected by Chapter 5 of the Danish Copyright Act is 50 years after the end of the year of the protected performance, recording, broadcast or production. Duration of the catalogue and database protection is 15 years from the end of the production year, and press releases are protected for 12 hours from publication in Denmark.

### 1.5 Is there any overlap between copyright and other intellectual property rights such as design rights and database rights?

Yes. Multiple intellectual property rights may subsist in the same creation when the same creation fulfils the requirements for enjoying various forms of intellectual property protection under the respective applicable intellectual property acts. Particularly, both design rights and copyright can protect items such as furniture, interior decoration, clothing and jewellery as industrial products eligible for design protection, and at the same time covered by the broad definition of (applied) art. Further, literary works and artistic drawings, etc. protected by copyright can also enjoy protection as trademarks if the literary works are in fact registered, or used, as trademarks. In that respect, copyright protection is defined exclusively by the requirements set forth in the Danish Copyright Act.

### 1.6 Are there any restrictions on the protection for copyright works which are made by an industrial process?

Yes. Due to the requirement that the “work” must be the result of creative efforts (“originality”) of a physical person (the author), creations that result from a completely automated or random process without human intervention or control, including creations made by computers, are not protected. The same is the case for creations made by animals. By contrast, the author’s use of industrial techniques, apparatus, computer programs etc. for the creation of a work does not exclude copyright.

## 2 Ownership

### 2.1 Who is the first owner of copyright in each of the works protected (other than where questions 2.2 or 2.3 apply)?

The first owner of copyright is the physical author(s) who made or controlled the creative efforts that resulted in the literary or artistic work. The first owner (author) can never be a juristic person. It is the mental part of the creative process that is decisive, and not the technical or practical part. A person typing a book dictated by another person will not be author or co-author of the book. Similarly, the person operating the camera will not be the author of the photographic artistic work if acting on instructions from another person composing and controlling the motif to be photographed. However, the photographer operating the camera will be the first owner of the supplementary “Other Right” in the photographic picture under Chapter 5. When several persons participate in the mental part of the creative process they will all have joint authorship in the work; see under question 2.4.

If nothing else is stated, the express presumption on ownership is that the person whose name is indicated on copies of the work shall be deemed to be the author.

### 2.2 Where a work is commissioned, how is ownership of the copyright determined between the author and the commissioner?

In a typical situation the author, and not the commissioner who renders the overall commission, makes the creative efforts and will own the first copyright. The commissioner will only have a part in the copyrights if the commissioner plays a more active role in the creative process, i.e. works together with the author in the creative process, or obtains the copyrights through express assignment; see question 3.1.

### 2.3 Where a work is created by an employee, how is ownership of the copyright determined between the employee and the employer?

Firstly, copyright to works made by an employee will originate with the employee, and not with the employer, and may be assigned to the employer per express agreement, which is often done to some extent in employment agreements (individual and/or collective trade agreements).

Under the express rule in Section 59 of the Danish Copyright Act, computer programs created by an employee in the execution of his duties or following the instructions from the employer shall pass entirely to the employer, i.e. automatically and without express agreement.

In addition to this express rule, there is a general practice in which copyright in works created by an employee passes tacitly or per presumption to the employer if the works are created as part of the employment, but only to the extent where the assignment of copyright to the employer is necessary for the employer’s normal business at the time when the employee created the work. Under this general practice, the necessary copyright to print and distribute journalistic articles in a newspaper will pass from the employed journalist to the employer (newspaper) even without express agreement. By contrast, the copyright to use the journalistic articles as the basis for a documentary film will not pass to the newspaper, and the same is the case with copyright to a fictional novel that the employed journalist wrote in his private life.

### 2.4 Is there a concept of joint ownership and, if so, what rules apply to dealings with a jointly owned work?

Yes. When several persons take part in the joint creation of a literary or artistic work and their individual contributions cannot be clearly separated, they will have joint authorship and ownership to the copyright, for example, when a number of persons compose a song together or work together on the creation of a computer program. In cases of joint authorship, all authors must agree on exploitation of the work, and on any assignment of copyright in whole or in part (grant of licences, liens, etc.). The only exception is that each of the authors have a separate right to bring action against infringements (Section 6).

In cases where the contributions from each author can be separated, such as several authors writing each of their chapters in a book, or music with one author of the lyrics and one composer of the melody, the authors will each have their separate copyright to each of their separate work, and no part in the other author’s copyright.

Particularly in case of films, there will normally be both joint authorship among a multitude of persons in the film as such (author of script, director, production manager, etc.), and separate additional works that can be distinguished, such as music composed for use in the film or the copyright for the author of the basic manuscript.

## 3 Exploitation

### 3.1 Are there any formalities which apply to the transfer/assignment of ownership?

No. The transfer/assignment takes place per simple agreement between the assignor and the assignee under the general principle of freedom of contract and liberal rules on evidence. Even an oral agreement would constitute an agreement. The only modification is a presumption principle or interpretation rule in favour of the author implying that, in case of any doubt as to whether an assignment of rights was made or not and/or to the extent of the same, what was not clearly assigned will remain with the author. Particularly, the assignment of a copy of the work does not imply any assignment of the copyright in the work. Hence, the burden of proof for the existence and extent of the assignment rests solely on the assignee.

### 3.2 Are there any formalities required for a copyright licence?

No. The grant of a licence takes place per simple agreement between the copyright holder and the licensee under the general principle of freedom of contract and liberal rules on evidence. Even an oral agreement would constitute an agreement. The only modification is a presumption principle or interpretation rule in favour of the author implying that in case of any doubt as to whether a grant of licence was made or not and/or to the extent of the same, what was not clearly licensed will remain with the author. Hence the burden of proof for the existence and extent of the licence rests solely on the licensee.

### 3.3 Are there any laws which limit the licence terms parties may agree (other than as addressed in questions 3.4 to 3.6)?

Yes. The author’s moral or ideal rights – see question 4.2 – cannot be waived in general, including under assignment or licensee

agreements, but only “in respect of use of the work which is limited in nature and extent”. Consequently, even a very explicit general term in a licence agreement allowing the licensee never to credit the author or allowing for unspecified alterations will not be enforceable against the author’s protest.

### 3.4 Which types of copyright work have collective licensing bodies (please name the relevant bodies)?

Several collective licensing bodies exist for music, namely KODA dealing with public performance of music, NCB dealing with recordings of music, and Gramex dealing with the statutory licence rights generally allowing use of recorded music in radio and TV broadcasting and other public performances. Additionally, Copydan (seven different departments) administers the collective licences available under certain circumstances for various types of works for use in education, in libraries, archives, museums and institutions for visually and hearing impaired persons. Copydan also administers the statutory collective licence allowing public and private institutions and businesses to copy descriptive articles, magazines, etc. for internal use, and various collective licence rights allowing the use of various works on national radio and TV channels. Further, Copydan administers the statutory collective licence allowing certain uses of published works of art.

### 3.5 Where there are collective licensing bodies, how are they regulated?

Generally, collective licensing bodies administering statutory and collective licence arrangements according to the Danish Copyright Act are subject to approval by the Minister for Culture and subject to complaint to the Copyright License Tribunal, which is an administrative body with a Supreme Court judge as chairperson and additional members appointed by the Minister for Culture.

### 3.6 On what grounds can licence terms offered by a collective licensing body be challenged?

Licence terms offered by collective licensing bodies can be challenged through complaint to the Copyright License Tribunal, which will decide the matter in accordance with an overall principle of fairness and taking into account all specific circumstances, not only related to the market and competition situation, but also public interests and principles of non-discrimination.

## 4 Owners’ Rights

### 4.1 What acts involving a copyright work are capable of being restricted by the rights holder?

The forms of use which can be restricted by the copyright are any acts of reproduction of the work or of making it available to the public. Acts of reproduction which can be restricted include the reproduction of the work in amended forms or techniques such as translations, two-dimensional copies of three-dimensional works, or a film made on the basis of a novel. Both permanent and more temporary reproductions such as digital copies can be restricted, as can the mere recording of the work on a device that can reproduce it

(discs, tapes, etc.). Acts of making the work available to the public which can be restricted include the offering for sale, rental, lending or other distribution of copies of the work as well as any exhibition or public performance of the work.

### 4.2 Are there any ancillary rights related to copyright, such as moral rights, and if so what do they protect, and can they be waived or assigned?

Yes. Copyright includes, under Section 3, moral or ideal rights for the author (“*droit moral*”) to be named as author in connection with the exploitation of the work, and to oppose alterations of the work or use of the work in a manner or context that could be prejudicial to the reputation of the author. These ideal rights cannot be assigned or waived in general, but they can be waived and assigned “in respect of use of the work which is limited in nature and extent”. The author’s right to be named is not an unconditional right, but is limited by practical possibilities and general practice (“proper usage”). As an example of the author’s right to restrict use of the work in prejudicial manners or contexts, a licensee’s or assignee’s use of a copyright-protected work in an advertisement for a commercial product would be in conflict with “*droit moral*”, unless the author has expressly accepted the concrete use of the work in the advertisement for the products in question.

### 4.3 Are there circumstances in which a copyright owner is unable to restrain subsequent dealings in works which have been put on the market with his consent?

Yes. The important general rules on exhaustion of copyright allow certain actions for the purchaser of a copy of the work which has been sold or transferred with the consent of the copyright holder. Most importantly, the (new) owner of the copy is allowed to further distribute it by selling it to others and by exhibiting it in public. When it comes to the right to further spread the copy of the work by rental/leasing, this right is generally not exhausted, apart from buildings and applied art, which may be rented/leased out without express consent from the copyright holder. When it comes to spreading copies by lending them out, this right is generally exhausted, apart from copies of film works and digital computer programs which may not be lent out without express consent from the copyright holder.

Additionally, Chapter 2 of the Danish Copyright Act lists express exceptions to the general copyright, allowing certain forms of allowed and free use of published works which could otherwise be restricted by the right holder; see question 4.1. For example, reproduction of single copies for private non-commercial purposes, the incidental temporary reproductions that form part of automatic cache-copying during internet browsing, limited quotes from a work in accordance with proper usage, certain uses of certain works in non-commercial public performances, in connection with news reporting and in judicial and administrative proceedings, and also certain forms of non-commercial use of works in public institutions such as hospitals, nursing homes, jails, archives, libraries and museums.

Additionally, Chapter 2 contains exemptions on allowed use against payment under statutory or collective licence arrangements; for example, in respect of internal use of descriptive works in businesses and use of certain types of works in connection with educational activities.



## 5 Copyright Enforcement

### 5.1 Are there any statutory enforcement agencies and, if so, are they used by rights holders as an alternative to civil actions?

No, there are no enforcement agencies as such, but per application the national Danish or EU custom's authorities will participate in enforcement of copyright against imported counterfeit goods under the Customs Enforcement of Intellectual Property Rights Regulation, No. 608/2013.

### 5.2 Other than the copyright owner, can anyone else bring a claim for infringement of the copyright in a work?

Yes. The copyright owner can grant the right to bring claims for infringement of the copyrights to others per agreement without assigning the copyright as such, and will often grant this right to licensees in licence agreements. Without express granting of the right to bring claims for infringements in the form of injunctions and claims for criminal sanctions, such rights will typically exist for exclusive licensees. The assignees, heirs or bankruptcy estate of the copyright owner will also assume the right to make claims for infringement. The ancillary "*droit moral*" rights can be enforced by the original author, or the author's heirs, even in cases where the original author is no longer the copyright owner (i.e. following assignment).

### 5.3 Can an action be brought against 'secondary' infringers as well as primary infringers and, if so, on what basis can someone be liable for secondary infringement?

Yes. In addition to the direct liability for the direct infringers, there is an equal co-liability for anyone who takes part in the infringement by "*inducement, advice or deed*", which, according to practice, will include anyone who knowingly, or due to neglect did not know ("should have known"), is involved in the violating acts (copying, distribution, etc.). There will be a risk of co-liability for a mail order catalogue printing and distributing a copyright-infringing advertisement, or a shop selling products that someone else made as a copy of a copyright-protected work. For online/digital media often not aware of the content of everything that they distribute or publish, co-liability may occur for ongoing infringements if the copyright owner puts the media on notice of the copyright infringement and the media fail to act. In other cases, the E-Trade Act expressly excludes co-liability in cases of mere technical transmission, proxy-caching and hosting without knowledge of the infringing activity.

### 5.4 Are there any general or specific exceptions which can be relied upon as a defence to a claim of infringement?

Yes. In addition to the specific exceptions listed in Chapter 2 of the Copyright Act – see question 4.3 – there are general exceptions in case law allowing that copyright-protected works are exposed to humouristic parodies, satire and caricatures. Further, according to case law and legal literature, the constitutional principle of freedom of speech implies an increased access to use certain works in certain connections, such as use by an artist of other artists' works in collages, increased access to use or quote from works in democratic political debate, and use of photographs in cooperation with authorities for crime-fighting purposes as established by the ECJ in case C-145/10.

### 5.5 Are interim or permanent injunctions available?

Yes, both interim and permanent injunctions are available in copyright enforcement proceedings. Permanent injunctions require a civil law suit establishing a copyright infringement and containing a claim for injunction. Interim injunctions require injunction proceedings establishing that acts are committed in violation of (copy)rights and that ordinary civil procedures are insufficient to protect the rights in question, which is normally the case with copyright infringements which have not been ongoing and tolerated for a longer period; see question 5.9.

### 5.6 On what basis are damages or an account of profits calculated?

The calculation of damages or remuneration in copyright infringement cases would as a starting point be based on either evidence of actual losses, for example, evidence of lost sales/profits, or on the basis of the licence/royalty fees that the copyright owner can substantiate or render likely that he could have claimed had the infringing use in fact been accepted licence use of the work. For commercial works, the copyright owner may also be entitled to damages for other types of losses such as market disturbance and control expenses. Often, the courts calculate the total amount of damages with some discretion, and the court is also allowed to take into account the infringer's profit in the calculation of damages.

### 5.7 What are the typical costs of infringement proceedings and how long do they take?

The cost and duration of infringement proceedings will vary according to the complexity of the matter, depending for example on the nature of the work and the infringement in question. More simple cases related to, *inter alia*, use of obviously copyright-protected works on a website or in an advertisement without any need for expert statements can be completed within a year, and involve legal costs in the area of DKK 100–150,000. More complex matters, for example related to computer programs or applied art disputing whether the "originality" requirement is met, involving evidence in the form of expert statements, and of significant commercial interests, would normally take more than a year, and often more than two, and may easily involve costs exceeding DKK 250,000.

### 5.8 Is there a right of appeal from a first instance judgment and if so what are the grounds on which an appeal may be brought?

In copyright cases involving computer programs or applied art, the Maritime and Commercial Court has special competence as the first instance court with general access of appeal to the High Courts, or access for appeal directly to the Supreme Court if the case involves prejudicial issues of general importance to the society or the state of law. Other copyright cases with the city court as first instance and a value of claims of more than DKK 20,000 have general access of appeal to the High Courts, with the exception, however, that the High Court has the right to reject the appeal without process if the High Court finds it unlikely that the result will be altered. Copyright cases involving prejudicial issues can be handled by the High Courts as first instance after referral from the city court, and will then have general access of appeal directly to the Supreme Court.

## 5.9 What is the period in which an action must be commenced?

Generally, legal action must be commenced within a period of three years to avoid statute-barring. In special cases certain rights, for example the right to claim damages and penal sanctions, may be lost before the statute-barring three-year period, namely in cases where the copyright owner has knowledge of the infringement and has discussed it with the infringer, and would seem through his passivity to have tacitly waived these rights. Generally, the basic right to obtain a permanent injunction to stop the infringement would not be lost before the statute-barring period unless the copyright owner has expressly waived it. Interim injunction proceedings are only available for a shorter period of time, up to around three to six months from the discovery of the infringement and depending on the circumstances.

## 6 Criminal Offences

### 6.1 Are there any criminal offences relating to copyright infringement?

Yes. Generally, copyright infringement can be met with criminal sanctions in the form of fines or imprisonment if committed with intent or gross negligence, which includes cases of piracy, and as such is dealt with as a criminal offence.

### 6.2 What is the threshold for criminal liability and what are the potential sanctions?

Generally, all copyright infringers acting with intent or gross negligence are liable to fines. In case of intentional violations directed at the general public under aggravating circumstances, such as commercial actions involving large numbers of infringing copies, the criminal liability can increase to imprisonment for up to one-and-a-half years under the Copyright Act (private prosecution) and in severe cases up to six years under the Penal Code (public prosecution).

## 7 Current Developments

### 7.1 Have there been, or are there anticipated, any significant legislative changes or case law developments?

Yes. A new law with amendments to the Copyright Act implementing the so-called Marrakesh directive, with certain rights for visually and reading impaired persons to access published works, will take effect on 11 October 2018.

### 7.2 Are there any particularly noteworthy issues around the application and enforcement of copyright in relation to digital content (for example, when a work is deemed to be made available to the public online, hyperlinking, etc.)?

As a general rule, exhaustion of copyright only applies to physical copies of a work and not digital copies of a work such as computer programs, music or films which are distributed by streaming or downloaded from the internet without the use of physical media. This means that the licence user of copyright-protected digital content does not generally have access to further distribute it. As an important exception, the ECJ has, in C-128/11, established that the right to prohibit further distribution of digital computer programs is exhausted if the computer program is downloaded with a perpetual licence matching the price of the copy.

The private use exceptions for digital works are generally more restrictive than the private use exceptions for other types of works.

Although the general principle is that all forms of reproductions, and the very temporary digital reproductions involved in cache-copying during internet surfing, are covered by the acts which the copyright holder can restrict; see question 4.1. There is a specific exception allowing such use; see question 4.3.

Finally, the ECJ has established in case C-466/12 that linking to websites with copyright-protected content published on an open website with consent from the copyright owner will generally be allowed, since linking in such cases does not constitute an act of reproduction or of making the content public – see question 4.1 – and irrespective of the type of link, i.e. ordinary or deep links.

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**LØJE ARNESEN & MEEDOM**

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Løje, Arnesen & Meedom offers highly specialised advice to Danish and foreign clients on intellectual property rights ("IPR") in the widest sense. Regarding traditional IPR, we handle everything from establishing and prosecution of trademark and design rights, to litigation involving infringements of all types of IPR, including copyright and patents, in Denmark, the EU and abroad.

Our other business areas cover, *inter alia*, marketing and advertising law, unfair competition law, internet law, data protection law, product regulation and commercial agreements such as agent, licence and distribution agreements.

# France



Pierre Massot



Mythili Thaya

## ARENAIRE

### 1 Copyright Subsistence

#### 1.1 What are the requirements for copyright to subsist in a work?

Under French law, any work may be protected by copyright, provided that it is original. The notion of originality is not defined in the French intellectual property code (CPI) but has to be construed in accordance with the rulings of the Court of Justice of the European Union (ECJ). French courts consider that a work is original if it reflects the personality of its author, i.e. when the work is the result of free and creative choices. In practice, French courts determine whether a work is original on a case-by-case basis.

#### 1.2 On the presumption that copyright can arise in literary, artistic and musical works, are there any other works in which copyright can subsist and are there any works which are excluded from copyright protection?

French copyright law protects any “work of the mind”, whatever its kind, form of expression, merit or purpose. However, an idea or a concept itself is excluded from copyright protection. Only ideas or concepts that are materialised in a physical form are eligible for copyright protection. Therefore, it is essential to keep an idea or a concept secret and conclude non-disclosure agreements before the launch of a project.

#### 1.3 Is there a system for registration of copyright and if so what is the effect of registration?

There is no system for registration of copyright in France. Any original work is protected by copyright law by the mere fact that it was created. However, several means are available to secure authorship and priority such as: filing an “*Enveloppe Soleau*” (or an e-Soleau) containing a description of the work, and sometimes, the work itself, with the French Intellectual Property Office; filing the work with collective licensing bodies; filing the work with a notary; or obtaining a bailiff report, among others.

#### 1.4 What is the duration of copyright protection? Does this vary depending on the type of work?

Rights granted under French copyright law are divided into two kinds: patrimonial rights and moral rights. The duration of copyright protection for each kind of rights does not vary depending

on the type of work. The duration of patrimonial rights is usually 70 years after the death of the author, except in case of collective works and works of joint authorship, for which the starting point of the 70-year duration varies (70 years from January 1<sup>st</sup> following the first publication for collective works, and 70 years after the death of the last contributor for works of joint authorship). Moral rights are protected without any time limit.

#### 1.5 Is there any overlap between copyright and other intellectual property rights such as design rights and database rights?

Yes, copyright and other intellectual property rights may overlap as long as the work meets the requirements of each applicable provision.

For instance, copyright and design rights may overlap if the work, on one hand, is original – as required by copyright law – and on the other hand, is new and has individual character – as required by design law. A few years ago, copyright and design rights overlapped quite totally because of the principles of “total cumulation” (*cumul total*) of both types of protection. Today, and this is a significant evolution, French case law admits only “partial cumulation” (*cumul partiel*) which means in practice that some works can be protected by design rights but not by copyright in France. This should be kept in mind to determine the best strategy to protect designs today in the French territory.

A database can also be protected by copyright and database rights if its producer proves that he/she has made substantial financial, material or human investments.

#### 1.6 Are there any restrictions on the protection for copyright works which are made by an industrial process?

No. As any original work is eligible for copyright protection, there are no restrictions on the protection of works made by an industrial process. Fashion items, furniture or decorative items may thus be protected by copyright provided that they are original, i.e. if they are the result of free and creative choices.

### 2 Ownership

#### 2.1 Who is the first owner of copyright in each of the works protected (other than where questions 2.2 or 2.3 apply)?

Under French law, there is a distinction between the author of a work and the owner of copyright. In principle, the first owner of

copyright is the author of the work. French law considers that only individuals can be considered as authors. This rule applies to individual works created by one individual or works of joint authorship, created by two or more individuals.

The only exception to this rule concerns collective works. Collective works are works created on the initiative of and under the direction of a person (an individual or a company) who discloses the work under their name, and in which the personal contributions of the authors are merged in the overall work without it being possible to grant each author separate rights on the overall work. In the case of collective works, the owner of copyright is the person who initiated and controlled the creation of the work.

The CPI also provides specific rules for some types of works. For instance, unless stated otherwise in the agreement between the authors and the producer, all exploitation rights (such as the right to use and distribute) on an audiovisual work are automatically transferred to the latter, except rights on soundtracks which remain the property of the author.

## **2.2 Where a work is commissioned, how is ownership of the copyright determined between the author and the commissioner?**

The first owner of a work is its author, irrespective of the fact that the work is commissioned. Copyright cannot be automatically transferred to the commissioner. The author has to assign his/her rights to the commissioner by concluding a licence/assignment agreement.

## **2.3 Where a work is created by an employee, how is ownership of the copyright determined between the employee and the employer?**

The fact that the work is created by an employee does not impact on the ownership of copyright either. In principle, the employee remains the first owner of copyright and the employer needs to obtain an assignment of the right to use the work. In practice, where an employee has a creative mission, employers usually add assignment clauses to the employment contract. However, the validity of such clauses is sometimes challenged as French law prohibits the global assignment of future works.

There are, however, some exceptions in French intellectual property law; for instance, where an employee creates software in the course of his/her mission or upon the employer's instructions, the patrimonial rights are vested in the employer. Similar rules apply to works created by a public agent in the course of his/her mission or upon instructions. Besides, the employer can also invoke, in some cases, the rules applicable to collective works.

## **2.4 Is there a concept of joint ownership and, if so, what rules apply to dealings with a jointly owned work?**

Yes, some works may be owned jointly, such as works of joint authorship, which are created by two or more individuals. In this case, the authors share ownership equally and any act of use of the jointly owned work – such as publishing, reproduction, or translation – is subject to the authors' prior unanimous consent. If an author wishes to bring proceedings for copyright infringement, he/she must implead the other co-authors in the procedure.

## **3 Exploitation**

### **3.1 Are there any formalities which apply to the transfer/assignment of ownership?**

The CPI provides that the transfer/assignment of ownership must be executed in writing. This principle has been reaffirmed recently by the French legislator. The transfer/assignment agreement must expressly specify which rights are transferred/assigned and the scope of the transfer/assignment (particularly the purpose, the territory, the duration and the means of use or exploitation). The principle is that everything which is not allowed is forbidden. The agreement must also specify the price paid to the author (or that it is made for free). In principle, this price has to be proportional to the revenue incurred by the exploitation or sale of the work. There are, however, some exceptions to this rule, and a lump sum may be paid to the author in particular when the basis for calculating a proportional price cannot be precisely determined. If the agreement does not meet these requirements, the author may challenge it and courts may consider it null and void.

### **3.2 Are there any formalities required for a copyright licence?**

The rules applicable to the transfer/assignment of ownership can also apply to copyright licences.

### **3.3 Are there any laws which limit the licence terms parties may agree (other than as addressed in questions 3.4 to 3.6)?**

The CPI prohibits the global assignment and licensing of future works. This does not, however, mean that an author cannot assign or license a work that is not created at the moment of the execution of the agreement: assignment or licence of future works remains valid as long as the future work is determinable. French law also allows an author to grant his/her editor a preferential right on the exploitation of a future work.

Furthermore, the CPI provides that moral rights cannot be assigned, licensed or waived (see question 4.2).

### **3.4 Which types of copyright work have collective licensing bodies (please name the relevant bodies)?**

There are around 20 collective licensing bodies in France. Some are specific to authors and editors (such as SACEM for authors, composers and music editors, ADAGP for graphic and plastic works, or SAIF for visual arts), producers (such as ANGOA for the management of audiovisual works), or performing artists (ADAMI and SPEDIDAM). Others are common to different categories (such as SPRE, which acts for fair remuneration).

### **3.5 Where there are collective licensing bodies, how are they regulated?**

The CPI provides specific rules on the regulation of collective licensing bodies. A recent law enacted in December 2016, implementing the European Directive of February 26<sup>th</sup>, 2014, reinforced these rules, particularly concerning transparency and



information requirements. The CPI provides that these bodies must allow their members to participate effectively in the decision-making processes. Furthermore, the collective licensing bodies are controlled by a control committee and the Ministry of Culture, to which they must send an annual report.

### 3.6 On what grounds can licence terms offered by a collective licensing body be challenged?

Licences concluded with a collective licensing body are subject to general rules of contract law. Therefore, any ground available to challenge a contract can be used to challenge this type of licence. Particularly, authors may challenge inequitable transaction terms or unreasonable terms such as an excessively broad assignment, discriminatory provisions or terms that in practice prohibit the author from leaving the collective body.

Furthermore, as it is not compulsory to join a collective licensing body – except in a few specific cases – authors are always free to leave a collective licensing body without reason, as long as he/she complies with any prior notice period mentioned in the membership contract or general policies of the body.

## 4 Owners' Rights

### 4.1 What acts involving a copyright work are capable of being restricted by the rights holder?

Any act of use of a copyright work without the express consent of its author is considered as an act of infringement. This comprises, without limitation, any act of representation or reproduction of the work, and any act in whole or in part, of translation, editing, or adaptation.

### 4.2 Are there any ancillary rights related to copyright, such as moral rights, and if so what do they protect, and can they be waived or assigned?

Under French law, copyright comprises both patrimonial and moral rights. Moral rights grant the author:

- the right to disclose the work: the author has the right to decide whether his/her work may be public or not and the right to decide when and how the work may be disclosed;
- the right of authorship: the author has the right to mention his/her name on the work, to use a pseudonym, to remain anonymous or to claim authorship;
- the right to protect the integrity of the work: the author has the right to oppose any modification or distortion of the work; and
- the right to reconsider and the right of withdrawal: the author has the right to modify his/her work or to require the cessation of the use of the work.

Moral rights may not be transferred, assigned or waived. However, in practice, authors accept to waive their moral rights, particularly their right of authorship, and French courts have considered some waiver clauses valid as long as the author still has the right to change his/her mind.

Under French law, ancillary rights related to copyright – called neighbouring rights – are specific rules applicable to certain categories of right holders. These rights include:

- rights of performing artists which comprise both patrimonial and moral rights to artists (usually singers) who are not authors; and
- rights of producers of phonograms and videograms.

### 4.3 Are there circumstances in which a copyright owner is unable to restrain subsequent dealings in works which have been put on the market with his consent?

Yes. Exhaustion of rights is applicable to copyright: a copyright holder cannot restrain subsequent dealings in works which have been put on the EU market with his consent. For instance, the copyright owner of a bag already sold in France with his consent cannot restrain the subsequent sale of the same bag in Italy. French courts carefully analyse the scope and extent of the owner's consent and the territory of first commercialisation to check whether exhaustion of rights applies or not.

Issues have also arisen concerning subsequent communications of a work on the Internet, particularly via hyperlinking. French legislation does not contain specific provisions on this matter. French courts determine whether a hyperlink is infringing copyright or not on a case-by-case basis, and they have set down some basic principles, taking into account the rulings of the ECJ:

- hyperlinking may be allowed if the subsequent site is legal, or that one cannot reasonably know that the site illegally publishes copyrighted work;
- hyperlinking may be allowed if the content of the subsequent website is already accessible to the general public; and
- whether the publisher of the hyperlink pursues profit-making aims.

## 5 Copyright Enforcement

### 5.1 Are there any statutory enforcement agencies and, if so, are they used by rights holders as an alternative to civil actions?

Yes, there is a statutory enforcement agency, called HADOPI, which:

- encourages good practices on the Internet in order to protect both authors' and users' rights; and
- monitors illegal downloading of copyright works on the Internet through a process of graduated response, that can lead to the imposition of a fine after two warnings.

Around one million warnings are sent every year by HADOPI to discourage web users from illegally downloading copyright works.

There are also public authorities such as customs or the DGCCRF, an entity managed by the Ministry of Finance and Economy, that are allowed to monitor and take measures against acts of infringement.

These entities' actions are usually independent from the right holders' actions. The latter often initiate separate civil and/or criminal actions.

### 5.2 Other than the copyright owner, can anyone else bring a claim for infringement of the copyright in a work?

The CPI provides that copyright owners (authors or their assignees) and collective licensing bodies may bring a claim for infringement of the copyright in a work.

Concerning licensees, only the exclusive licensees of producers of phonograms or videograms may bring a claim for infringement.

The French intellectual property code also allows the CNC (National Centre for Cinema and Motion Pictures) to take part in a criminal proceeding if a complaint has been filed by copyright owners or a public prosecutor.

### 5.3 Can an action be brought against 'secondary' infringers as well as primary infringers and, if so, on what basis can someone be liable for secondary infringement?

Any act of use or exploitation of a copyright work without the consent of the copyright owner is considered as an act of infringement. Therefore, any infringer is liable whether he/she is a primary or secondary infringer.

### 5.4 Are there any general or specific exceptions which can be relied upon as a defence to a claim of infringement?

Yes, there is a limited list of exceptions which can be relied upon, under certain conditions, as a defence to a claim of infringement, including:

- private and free representation made exclusively within the family circle;
- legal reproduction for private purposes only and not for collective use;
- as long as the name of the author and the source are mentioned, analyses and short quotations justified by the critical, polemic, educational, scientific or informative nature of the work in which they are incorporated;
- public speeches;
- parody, pastiche and caricature; and
- reproduction or representation of architectural works and sculptures placed on public roads, created by individuals for non-commercial use.

However, good faith is not a valid defence in civil proceedings.

### 5.5 Are interim or permanent injunctions available?

Yes, interim and permanent injunctions are available under French law. However, interim injunctions are only granted when the claimant proves that the infringement is obvious or that there are urgent circumstances, and that this measure needs to be taken to prevent further damage.

### 5.6 On what basis are damages or an account of profits calculated?

There are two alternative methods to calculate damages. In principle, the court takes into account the negative economic consequences of the infringing act (including loss and shortfall), the moral prejudice and the profits made by the infringer. However, French law does not provide how these elements have to be taken into account, which often leads to some uncertainties. Besides, the court may also, on the victim's request, grant a lump sum, which is calculated according to the royalties that the copyright owner would have earned if he had authorised the use of the work.

### 5.7 What are the typical costs of infringement proceedings and how long do they take?

The costs of infringement proceedings vary a lot from case to case, but they usually include bailiff fees, attorneys' fees, fees of any expert that may be asked to evaluate damages, etc.

Infringement proceedings generally take usually two years in first instance, approximately two years before the court of appeal, and from two to three years before the *Cour de cassation* (the French "Supreme court").

### 5.8 Is there a right of appeal from a first instance judgment and if so what are the grounds on which an appeal may be brought?

Yes, there is a right of appeal for a first instance judgment. The appeal may be brought on any grounds, as the French courts of appeal can review the entire case and uphold or overturn the first instance judgment, in whole or in part.

### 5.9 What is the period in which an action must be commenced?

Concerning civil actions, the statute of limitations is five years from the date when the claimant knows or should have known about the act of infringement. Concerning criminal actions, the statute of limitations is three years from the date of the commission of the infringing act, or if it is a continuous offence, from the date when the infringing activity ceased.

## 6 Criminal Offences

### 6.1 Are there any criminal offences relating to copyright infringement?

Yes, any act of infringement is considered as a civil and criminal offence. Copyright owners are free to choose between a civil or a criminal procedure.

### 6.2 What is the threshold for criminal liability and what are the potential sanctions?

Contrary to civil proceedings, copyright infringement is considered as a criminal offence only if it is intentional. French courts generally consider that the existence of infringing acts raises the assumption that the infringer acted in bad faith. The assumption may be challenged by the infringer if he proves that he/she acted in good faith.

In principle, the potential sanctions include a maximum of three years of imprisonment and a fine of up to 300,000 euros.

## 7 Current Developments

### 7.1 Have there been, or are there anticipated, any significant legislative changes or case law developments?

A European Directive on copyright is being discussed by European authorities. This Directive aims to adapt the laws applicable in the EU to the evolution of the Internet. This Directive includes provisions that require online platforms to conclude agreements with copyright holders concerning the posting of copyright work by web users on these platforms. If no agreement is concluded, the platforms would have to implement a technical system to prevent illegal posting of copyright works. This reform is, however, still under debate, and it is quite difficult to forecast what legislation will finally be implemented.

**7.2 Are there any particularly noteworthy issues around the application and enforcement of copyright in relation to digital content (for example, when a work is deemed to be made available to the public online, hyperlinking, etc.)?**

Issues around digital content are still arising and are dealt with by French courts, but also by EU regulations and the ECJ. For instance, it is the ECJ which defined the notion of “communication to the

public” regarding hyperlinks (see question 4.3). With regard to French case law, the decisions rendered in the eBay case by French courts – following the ECJ rulings – are part of a landmark in terms of enforcing copyright on the Internet: French courts ruled that eBay may be considered as a publisher of a website (and not a mere host), and thus is liable in case of infringing digital content if, in addition to its hosting activity, it plays an active role in infringing, i.e. if eBay has the possibility to be aware of or control the data that are stored on its platform.



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Founder of ARENAIRE, Pierre Massot has been advising large companies and innovative enterprises in intellectual property law for more than 10 years, both in advice and litigation.

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Mythili Thaya joined ARENAIRE in 2017 and is involved in both advice and litigation.

## ARENAIRE

Founded by Pierre Massot in 2011, ARENAIRE has since been assisting large companies and creators in the defence of their trademarks, creations and innovations, both in advice and litigation.

Thanks to the diversity of profiles and skills in the team, ARENAIRE has developed a cutting-edge expertise that enables the firm to propose innovative strategies and efficient solutions, in various sectors (fashion, furniture, industrial design, architecture, photography, visual arts, spirits and wines, retail, etc.).

# Germany



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## 1 Copyright Subsistence

### 1.1 What are the requirements for copyright to subsist in a work?

The requirements for the protection of a work under a **copyright** [*Urheberrecht*] as well as the requirements for the protection of artistic performances (performances of musicians, actors, dancers, *etc.*) and certain productions (sound masters, films, databases, press publications, broadcasting programs and artistic live events) under the so-called related rights (**neighbouring rights**) [*Leistungsschutzrechte*] are stipulated in the German Act on Copyright and Related Rights (“GCA” [*Urheberrechtsgesetz, UrhG*]). The following is a link to an English translation of the GCA: [https://www.gesetze-im-internet.de/englisch\\_urhg/englisch\\_urhg.html](https://www.gesetze-im-internet.de/englisch_urhg/englisch_urhg.html)).

For protection as a **work**, it is required that the author’s own intellectual creation, having evolved in a perceptible form, meets the threshold of originality. The degree of **originality** is, generally, quite minimal (*e.g.*, software only requires individuality). Mere thoughts, ideas, concepts or formulas remain outside the scope of protection; only a concrete and perceptible creation qualifies as a work.

### 1.2 On the presumption that copyright can arise in literary, artistic and musical works, are there any other works in which copyright can subsist and are there any works which are excluded from copyright protection?

The GCA does not provide for an exhaustive catalogue of protected **categories of works**. Generally, every creation with sufficient originality is eligible for protection. Only “official works” (acts, statutory instruments, decrees *etc.*) do not enjoy protection. The **non-exhaustive catalogue** of the GCA comprises works in exemplified categories, *i.e.* literature (which includes software), music, pantomimic and dance works, artistic works (including architecture), photographic and cinematographic works as well as illustrations of a scientific or technical nature, such as drawings, plans, maps, sketches, tables and three-dimensional representations.

In addition to the copyright, the GCA stipulates the “related rights” (**neighbouring rights**). These rights are granted as a reward for certain accomplishments (which relate mostly, but are not limited to, the cultural domain) and protect the performance of an artist (musical performances or performances in theatre or film as well as creative producers or conductors), as well as certain productions (audio and audio-visual recordings, broadcasting programs, press publications, databases and artistic live events).

### 1.3 Is there a system for registration of copyright and if so what is the effect of registration?

Generally, protection as a copyright or as neighbouring rights does not depend on registration. Protection evolves upon creation of a work (or, with regard to neighbouring rights, upon the coming into existence of a performance or a production).

In respect to anonymous and pseudonymous works only, an entry in the “Register of Anonymous and Pseudonymous Works” is possible in order to document the date of death of the author for the purpose of being able to ascertain the duration of the protection period, which would otherwise be calculated from the date of publication.

### 1.4 What is the duration of copyright protection? Does this vary depending on the type of work?

Copyright protection for **works** – irrespective of category – expires 70 years after the creator’s date of death; in case of joint authorship, the period commences upon the date of death of the longest-living co-author. Anonymous and pseudonymous works (without registration, see question 1.3) are protected for a period of 70 years following their publication and unpublished works of such authors are protected for a period of 70 years from their creation.

Shorter periods apply for certain **neighbouring rights**: photographs, moving pictures and broadcasters (50 years); scientific editions and artistic event organisers (25 years); databases (15 years) and press products (one year), generally following the publication or, if unpublished (except for the press product), the production. For performances recorded on a **sound carrier** and for sound carriers, the protection period can run for 70 years following the release or public communication of the recording (with an exception for sound carriers not released or lawfully used in public communication or released later than 50 years following the production). For audio-visual performances and recordings, the period of protection is 50 years following the release or public communication (or 50 years following the performance where a recording has not been released within this period or has not been legally used for public communication).

### 1.5 Is there any overlap between copyright and other intellectual property rights such as design rights and database rights?

There are overlaps between copyright and other intellectual property rights, *i.e.*, design rights and **trademark** rights, with respect to protection. Protection as a **design**, for example, can extend to specific



two-dimensional or three-dimensional appearances of the whole or a part of a product. Further, a graphic design may be protected as a trademark. The German Act against **Unfair Competition** may provide protection against “me too products” and other types of imitations. A database can be eligible for protection as a work under copyright (as a result of a specific systematic or methodical arrangement of the individual elements) and enjoy protection under the neighbouring rights as well (due to the investment made to establish the database).

#### 1.6 Are there any restrictions on the protection for copyright works which are made by an industrial process?

There are no such restrictions; however, only natural persons are entitled to a copyright protection and any creation must, eventually, be attributable to human creativity.

## 2 Ownership

#### 2.1 Who is the first owner of copyright in each of the works protected (other than where questions 2.2 or 2.3 apply)?

The creator of a work is the owner of the copyright and remains the owner until the copyright expires; the same concept applies, *mutatis mutandis*, for neighbouring rights of performing artists, whereas ownership in producer rights can be transferred.

#### 2.2 Where a work is commissioned, how is ownership of the copyright determined between the author and the commissioner?

The **copyright** as such as well as the exploitation rights are not transferable (except for inheritance). However, the author can grant a **right-of-use** [*Nutzungsrecht*] to the commissioner; such right-of-use may be further defined (limited or unlimited) in respect of place, time or content as well as exclusivity. The concept of the grant of right-of-use is applicable for licensing rights from performing artists, while other **neighbouring rights** allow for a **full transfer** of the ownership as well as the assignment of the exploitation rights.

#### 2.3 Where a work is created by an employee, how is ownership of the copyright determined between the employee and the employer?

The ownership remains with the employee as the creator; however, for works (as well as for performances subject to neighbouring rights) created in fulfilment of the employment relationship, exclusive rights can be assumed by the employer by operation of law. Nevertheless, the stipulation of a transfer of rights is customary in most employment contracts and is advisable.

#### 2.4 Is there a concept of joint ownership and, if so, what rules apply to dealings with a jointly owned work?

The GCA recognises **joint authorship** [*Miturheberschaft*] where two or more people have collectively created a work where it is not possible to separately exploit their individual contributions. As a result of joint authorship, the publication, exploitation or alteration

of the work requires the consent of each co-author, unless agreed otherwise in an agreement (which is advisable).

Where several authors combine their works by way of **compound work** [*verbundene Werke*] for the purpose of joint exploitation (e.g., music and lyrics), each author's consent is required for the publication, exploitation or alteration of the compound work, unless agreed otherwise in an agreement (which is also advisable).

## 3 Exploitation

#### 3.1 Are there any formalities which apply to the transfer/assignment of ownership?

Ownership in a **copyright** (or in the evolving exploitation rights) cannot be transferred (except for inheritance). Ownership in a **neighbouring right** (as well as the evolving exploitation rights) is transferable (with certain restrictions, however, for artists), and such transfer is not subject to any mandatory formalities.

#### 3.2 Are there any formalities required for a copyright licence?

Generally, the author is free to grant a right-of-use (exclusive or not, limited or unlimited with regard to place, time and content) by way of (licence) agreement without any specific form being legally mandatory; *i.e.*, oral and even implied licence grants are possible. Only where such grant relates to **future types of use** of a work, the contract must be in writing (this does not apply to artists). A further exception relates to any grant pertaining to a **future work** – *i.e.*, a work that is not yet defined at all or only determined by category (e.g., a novel, an album, *etc.*) – for which the agreement needs to be in written form (this also applies to agreements of future artistic performance not yet further defined).

If a licensee intends to **transfer** the acquired right-of-use (or, in case of an artist, to transfer the exploitation right), such transfer generally requires the author's (or artist's, respectively) consent, except where agreed otherwise in an agreement; such consent may not be withheld in bad faith.

#### 3.3 Are there any laws which limit the licence terms parties may agree (other than as addressed in questions 3.4 to 3.6)?

Generally, the author (as well as the artist regarding his performance) cannot waive his inherent **moral rights** with regard to the right to be identified as the author of a work, and the right to prohibit the distortion or any other derogatory treatment of his work. Only interventions with moral rights, which are specifically foreseeable (e.g., explicitly stipulated in an agreement), so that the scope and consequences of the interventions can be assessed by the author, are deemed permissible. For all other interventions of the moral interest of the author, subsequent consent relating to the specific case at hand needs to be sought.

As with any agreement or market practice, licensing can also be subject to certain restrictions under **anti-trust laws**, in particular in the context of market dominance.

The EU's 2018 Regulation on cross-border portability of online content services in the internal market provides that licensing terms are void and unenforceable, if these terms prohibit or limit the cross-border portability of online content services covered by the Regulation.



### 3.4 Which types of copyright work have collective licensing bodies (please name the relevant bodies)?

There are three major collective licensing bodies:

- GEMA: the GEMA (society for musical performances and mechanical reproduction rights) is the largest collective licensing body in Germany, representing the usage rights stemming from authors' rights (including lyricists and publishers) for their musical works.
- GVL: the GVL (society for the exploitation of neighbouring rights) administers the so-called "secondary exploitation" rights (in particular, the collection of levies on linear public communication and broadcasting) of neighbouring rights holders (artists, producers) in the field of music, video and television.
- VG Wort: the VG Wort (Collecting Society Wort) manages the royalties resulting from secondary exploitation rights in language works, including those of radio and television.

(The following is a link to a list of further German collective licensing bodies: [https://www.dpma.de/dpma/wir\\_ueber\\_uns/weitere\\_aufgaben/verwertungsges\\_urheberrecht/aufsicht\\_verwertungsges/liste\\_vg/index.html](https://www.dpma.de/dpma/wir_ueber_uns/weitere_aufgaben/verwertungsges_urheberrecht/aufsicht_verwertungsges/liste_vg/index.html).)

### 3.5 Where there are collective licensing bodies, how are they regulated?

The collective licensing bodies are regulated by the German Act on the Management of Copyright and Related Rights by Collecting Societies [*Verwertungsgesellschaftengesetz*] ("CSA"), which implements the European Union's CRM Directive (Dir. 2014/26). The CSA outlines the administrative organisation, the rights and the obligations of collecting societies as well as their power to enforce rights on behalf of the members of the society. Legal supervision over collective licensing bodies in accordance with the CSA rests with the German Patent and Trademark Office ("DPMA").

### 3.6 On what grounds can licence terms offered by a collective licensing body be challenged?

Licence terms have to be fair and just. In cases of dispute, the parties must resort to a specific copyright arbitration board [*Schiedsstelle*] before the matter can be taken to the regular courts. The copyright arbitration board is located at the DPMA in Munich.

In case of a dispute with a collection society, a compulsory licence is available for the potential licensee against the disputed portion of the royalty. The amount is either being paid under reserve or into escrow until the dispute is finally settled.

## 4 Owners' Rights

### 4.1 What acts involving a copyright work are capable of being restricted by the rights holder?

The author has the exclusive right to exploit (or, by way of granting rights-of-use, delegate the exploitation of) his work under **copyright** in any material (reproduction, distribution, exhibition) and immaterial form (communication to the public, recitation, performance and presentation, broadcasting *etc.*). For **neighbouring rights**, the scope of exploitation rights can be smaller, *e.g.*, artists have no exclusive rights for the broadcasting of recorded performances.

### 4.2 Are there any ancillary rights related to copyright, such as moral rights, and if so what do they protect, and can they be waived or assigned?

The inherent personal rights of an author as his moral rights (his right of first publication, the right to be identified/not identified as the author of the work and the right to integrity of his work) are assumed upon the creation of a work and are inseparable from the author. A general waiver for future interventions is not permissible and only specific and foreseeable interventions can be the subject of the author's anticipated consent. The artist has similar moral rights to the same effect.

### 4.3 Are there circumstances in which a copyright owner is unable to restrain subsequent dealings in works which have been put on the market with his consent?

The right of distribution (for work under copyright as well as for neighbouring rights) is **exhausted** (similar to the US "first sale doctrine") once the original or copies of the work have been brought to a market within the territory of the European Union (or the EEA) by sale and with the consent of the rights holder; the further physical dissemination of such items is permissible (except by means of rental and lease and except for any immaterial exploitation). According to the European Court of Justice (ECJ) in its *Used-Soft* decision, the principle of the exhaustion applies, *mutatis mutandis*, to a software copy that has not been (physically) distributed but acquired via an online transaction.

In accordance with the ECJ's case law on the right to make works available to the public, the author cannot prohibit hyperlinking, **deep linking** or **framing** of his work once it has been published on the internet without technical restrictions.

## 5 Copyright Enforcement

### 5.1 Are there any statutory enforcement agencies and, if so, are they used by rights holders as an alternative to civil actions?

There are no statutory enforcement agencies as an alternative to action under civil or criminal laws.

### 5.2 Other than the copyright owner, can anyone else bring a claim for infringement of the copyright in a work?

Any exclusive licensee has standing to bring a claim for infringement of a copyright or neighbouring right when his licence is concerned.

A non-exclusive licensee has no standing to sue, unless he is authorised by the rights owner or the exclusive licensee.

### 5.3 Can an action be brought against 'secondary' infringers as well as primary infringers and, if so, on what basis can someone be liable for secondary infringement?

A **primary infringement** presupposes that a person has either committed the relevant act that infringes the copyright (qualifying as a perpetrator [*Täter*]), or that a person has instigated an infringement or intentionally made an aiding and abetting contribution to the infringement (qualifying as a participant [*Teilnehmer*]).

A secondary infringer is a person who, without being a perpetrator or participant, willingly contributes in any way and adequately causes

the infringement [*Störer*]. Liability for a secondary infringement occurs where a legal and factual possibility of its prevention existed and where the secondary infringer, therefore, violated a duty of care. A secondary infringer is generally liable for injunctive relief, but not for damages.

#### 5.4 Are there any general or specific exceptions which can be relied upon as a defence to a claim of infringement?

There are general exceptions as well as specific exception clauses tailored to the respective copyrights, provided for by the GCA and designed to balance the rights owners' interests with public interests and benefits (Chapter 6: *Limitations on copyright through lawfully permitted uses*). Here, the GCA provides that under certain circumstances, it is permissible for a natural person to make (or have made) single copies for private use. Further exceptions relate to quotations, use by disabled persons or use for religious purposes, use in schools, public speeches, newspapers and media, *etc.* Certain permitted uses are for free, while some require remuneration; private use is the basis for levies payable on blanket media and copy devices.

#### 5.5 Are interim or permanent injunctions available?

The German law provides for preliminary or interim relief, which can be granted, by means of an injunction, within a couple of days in case of *ex parte* proceedings, or within a few weeks where an oral hearing takes place. The application for a preliminary injunction must be submitted to the court in a speedy fashion; a claimant waiting for more than a month following his knowledge of the relevant factual circumstances regarding the matter may face dismissal of his application for lack of urgency. Generally, prior to any preliminary court proceedings, the claimant must serve on the defendant a warning letter and provide him with the opportunity to settle the matter out of court.

Once a preliminary injunction has been granted and has not been lifted in an appeal (or in preceding opposition proceedings in case of an *ex parte* order), it stays in effect permanently until the action on the merit in the main proceedings is finally resolved.

Even though there is no general discovery in German law, in particular in IP litigation, there are some exceptions to this rule, which allow the defendant inspection and other means of discovery. Such remedies can be available in the preliminary proceedings.

#### 5.6 On what basis are damages or an account of profits calculated?

The claimant may choose between three methods of calculation (which are not to be combined): compensation of his **actual damage** (lost profit, frustrated costs, *etc.*); **handover of the profit** of the infringer; or payment of an amount equal to a **customary licence fee**. The final decision must be made only in the last oral hearing at court. The claimant is entitled to claim from the infringer all information that is required to calculate the potential damage amount, *e.g.*, number of copies produced and sold with prices.

#### 5.7 What are the typical costs of infringement proceedings and how long do they take?

Costs depend mainly on the value in dispute (further determined by the fee agreements of the attorneys involved). German law provides for **statutory fees** applicable for courts, experts and

attorneys, which all depend on the value in dispute. Costs of court proceedings (including fees for attorneys up to the statutory rates) are **distributed among the parties in relation to their success**, *e.g.*, if a claim is granted in total, the defendant has to bear the court's costs and reimburse the claimant for his attorney fees (capped at the statutory rate). With attorneys and experts, other fee arrangements (*e.g.*, hourly rates) can be agreed. Fees resulting in an excess of the statutory rates cannot be recovered from the defeated party.

While a preliminary injunction can be granted within days following the application, main proceedings for action on the merits can take between eight to 20 months, sometimes even longer, depending on the case load of the court and the complexity of the matter (in particular, the need for evidence-taking procedures). An appeal can take the same amount of time.

#### 5.8 Is there a right of appeal from a first instance judgment and if so what are the grounds on which an appeal may be brought?

There are up to two instances to remedy a first instance decision: the appeal [*Berufung*] reviews all facts, evidence and legal issues for legal errors; this appeal is always available. A further remedy [*Revision*], filed with the Federal Court of Justice [*Bundesgerichtshof*], is only permissible if the appeal grants the possibility of revision or if the Federal Court views the case eligible for revision. The revision to the Federal Court only comprises of a review for legal errors in the application of the laws by the first instance and the appellate court; no new facts can be presented.

#### 5.9 What is the period in which an action must be commenced?

A preliminary injunction must be applied for within one month at the latest, following the knowledge of the facts of the case.

Action on the merits is time-barred within **three years** following the end of the year during which the claimant obtained knowledge of the facts relevant to the case. Claims for a fictional licence fee to compensate damages can be brought to court within a longer period of 10 years following the infringement.

Irrespective of a claimant's knowledge, limitation-in-time in a copyright matter becomes applicable 10 years after the claim arose.

## 6 Criminal Offences

#### 6.1 Are there any criminal offences relating to copyright infringement?

Generally, any culpable and intentional violation of copyright or a neighbouring right (including the attempt to violate) can be prosecuted as a criminal offence.

#### 6.2 What is the threshold for criminal liability and what are the potential sanctions?

The infringing act must have been committed with culpable intent; negligence, even gross negligence, is not sufficient.

Generally, the rights holder must file charges to initiate prosecution, unless the state attorney regards action to be necessary *ex officio* on account of the public interest.

The sanctions range from payment of a fine to imprisonment of up to three years. Infringement on a commercial scale can qualify

for imprisonment of up to five years. Material connected with the infringement (e.g., production devices, raw material, etc.) can be subject to confiscation by the authorities.

## 7 Current Developments

### 7.1 Have there been, or are there anticipated, any significant legislative changes or case law developments?

- Following similar litigation against the literary collection society VG Wort with an equal outcome, the Regional Court of Berlin [*Kammergericht*] decided that the musical collection society **GEMA**, under its current mandates and agreements with authors and publishers, can no longer distribute money to publishers, because they do not themselves possess rights which they could bring into GEMA's administration. This decision was upheld by a decision of the Federal Supreme Court in November 2017. GEMA (as well as VG Wort) is now forced to execute new agreements with all authors and publishers to allow **distribution of publisher shares** and, where no new agreement is concluded, to pay refunds to the authors.
- In March 2018, an Act on Copyright and the **Knowledge Society** [*Urheberrechts-Wissensgesellschafts-Gesetz*] came into force, amending the GCA and extending the exceptions for permitted use of copyright material for educational purposes and scientific research.

### 7.2 Are there any particularly noteworthy issues around the application and enforcement of copyright in relation to digital content (for example, when a work is deemed to be made available to the public online, hyperlinking, etc.)?

- A proposal for a Directive of the European Parliament and of the Council on copyright in the Digital Single Market (**Proposal DSM Directive** COM (2016) 593), which intends to lay the groundwork for the realisation of a Digital Single Market within the EU by reforming digital copyright, is currently underway with renewed referral to the European Parliament scheduled for September 2018.
- In late 2017, the **Network Enforcement Act** [*Netzwerkdurchsetzungsgesetz*] came into force, which intends to fight "hate speech", criminally punishable fake news and other unlawful content on social networks more effectively. The Network Enforcement Act is in place to ensure that unlawful content is removed or blocked after a complaint has been lodged. If social networks fail to set up a complaints management system or do not set one up properly, they are committing a regulatory offence which is punishable by heavy fines.
- A proposal for a Regulation of the European Parliament and the Council introducing rules regarding the exercise of copyright and related rights applicable to certain online transmissions of broadcasting organisations and retransmissions of television and radio programmes (**Proposal SatCab Regulation** COM/2016/0594 final), intends to govern the cross-border use of copyrighted content via mobile services. It is currently subject to review.
- A change in legislation in 2013 amended the GCA, and established an **ancillary right for press publishers**. The amendment intends to compensate publishers for press content being displayed via online services and search engines such as Google. A significant number of German press publishers jointly established the collecting society VG Media for the negotiation of licensing fees on their

behalf. While Google refused negotiations, claiming that the regulation is not applicable to their services and that the demanded fees are not equitable, several publishers entered into free-of-charge agreements with Google for the further display of their content. In 2014, VG Media declared that the press publishers had instructed it to give Google revocable permission to use their content free of charge, linking this decision to Google's market dominance.

The supervising DPMA prohibited the free-of-charge practice of VG Media in 2015 but, upon appeal, entered into administrative litigation before the Munich Administrative Court [*Verwaltungsgericht München*].

In June 2014, VG Media filed a civil lawsuit for compensation against Google; the case was first heard by the copyright arbitration board [*Schiedsstelle*] (see question 3.6 above) and then moved to the regular courts. In 2017, the Regional Court of Berlin [*Landgericht Berlin*] suspended the civil proceedings regarding VG Media's claim for compensation and requested a preliminary ruling of the ECJ. The Regional Court stated that the validity of the claim depends on whether the government should have notified the EU Commission of the amendment back in 2013. In May 2018, the Munich Administrative Court also suspended proceedings due to the pending preliminary ruling of the ECJ.

- Also, in 2018, courts dealt on several occasions with the **Right of communication to the public of works and right of making available to the public other subject-matter** in the sense of Article 3 of Directive 2001/29/EC.

In August 2018, the ECJ ruled in its *Renckhoff* decision (C-161/17) that the re-posting of a copyright-protected work on a website other than the one where the initial communication was made with the consent of the copyright holder, must be treated as an act of making such a work available to a new public. Therefore, the upload of content on such website is considered as an act of communication to the public, within the meaning of Article 3(1) of Directive 2001/29/EC, even when the respective work has been previously posted without any restriction preventing it from being downloaded, and with the consent of the copyright holder on another website. According to the ECJ, its case law principles on hyperlinking are not applicable to the re-post of content from the web via a re-upload.

With respect to hyperlinking, the ECJ held in *Svensson* (C-466/12) and *BestWater International* (C-348/13) that a link giving access to a protected work that has been made available on the internet with the author's consent is generally not to be considered as a communication to a new public and, therefore, is not a violation of the author's rights.

However, the assessment is different if the linked content has been made available to the public without the consent of the rights owner. The violation then depends on the question of whether the person linking to the content knew or should have known of the unlawful nature of the content (ECJ, C-160/15 – *GS Media*).

If the link in question is set with the intention of making a profit – i.e., in a commercial context – knowledge is presumed by way of a rebuttable presumption. This was upheld by a decision of the German Federal Supreme Court in September 2017 (BGH, Az. I ZR 11/16 – *Vorschaubilder III*). The court, however, ruled that the thumbnail of an image displayed via Google is not to be regarded as a new communication to the public, deeming the rebuttable presumption not to be applicable to links that are set to search engines such as Google due to the search engine's particular importance for the internet. The provider of a search function cannot be expected to check whether the images found by the search engine in an automated process have been legally placed, the court found.

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Dr. David Jahn represents companies, in and out of court, with a strong focus on technology, in particular those in the media and entertainment industry. He advises in particular on the topics of content licensing, e-commerce and social media marketing, data protection law, digitalisation and Industry 4.0.

Dr. David Jahn is the author of various publications, including co-author of the legal manual, *Industry 4.0 and Internet of Things* (C.H. Beck). He lectures regularly, especially on topics covering media law. He is the Managing Director of the *Bayreuther Arbeitskreises für Informationstechnologie – Neue Medien – Recht e.V. (@kit)* and is jointly responsible for the content of the annual @kit Congress.

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# India

LexOrbis

Dheeraj Kapoor



Aprajita Nigam



## 1 Copyright Subsistence

### 1.1 What are the requirements for copyright to subsist in a work?

In India, copyright subsists in the following categories of works:

- **Original** literary, dramatic, musical and artistic works.
- Cinematograph films.
- Sound recordings.

The word “original” has not been defined in the Copyright Act, 1957 (“the Act”), but has derived its connotation through case laws. It is largely understood as a work that “owes its origin to the author”; the work must originate from the skill and labour of the author and must not be a copy of any other work.

It is important to highlight that the word “original” is prefixed to literary, dramatic, musical and artistic works and not to cinematograph films and sound recordings, as the latter are works made by using the former categories of works. For example, a cinematograph film is made by making use of a script which is a literary work. Though there is no express stipulation regarding “originality” in respect of cinematograph films and sound recordings, copyright does not subsist in a cinematograph film if a substantial part of that film is an infringement of the copyright in any other work. Likewise, copyright does not subsist in a sound recording made in respect of a literary, dramatic or musical work if in making the sound recording, copyright in such work has been infringed.

Another prerequisite of copyright protection is the fixation of work in a tangible form. Indian regime follows the fundamental rule of copyright law, laid down in Article 9(2) of TRIPS and Article 2 of WCT, 1996, that copyright does not subsist in ideas and only protects original expression of the ideas.

### 1.2 On the presumption that copyright can arise in literary, artistic and musical works, are there any other works in which copyright can subsist and are there any works which are excluded from copyright protection?

In addition to literary, artistic and musical works, copyright also exists in dramatic works, sound recordings and cinematograph films. However, copyright does not subsist in any cinematograph film if a substantial part of the film is an infringement of the copyright in any other work, and in any sound recording made in respect of a

literary, dramatic or musical work, if in making the sound recording, copyright in such work has been infringed.

Also, the scope of copyright in architectural works is limited to artistic character and design, and does not extend to processes or methods of construction.

### 1.3 Is there a system for registration of copyright and if so what is the effect of registration?

#### System:

Acquisition of copyright is automatic and the right comes into existence as soon as the work is created. Additionally, there is also a system for registration of copyright under which the author/publisher/owner, or any other person interested in the copyright in any work, may make an application to the Registrar of Copyrights for entering particulars of that work in the Register of Copyrights.

In case of an artistic work, which is used or is capable of being used in relation to any goods or services, the application must also include a statement that no trade mark that is identical/deceptively similar to the said artistic work has been applied for registration or is registered under the Trade Marks Act. This statement must also be corroborated by a certificate from the Registrar of Trade Marks.

#### Effect:

The Register of Copyrights is *prima facie* evidence of the particulars entered therein, and documents purporting to be copies of any entries therein, or extracts therefrom certified by the Registrar of Copyrights, shall be admissible as evidence in all courts without further proof or production of the original.

### 1.4 What is the duration of copyright protection? Does this vary depending on the type of work?

The duration of copyright protection varies depending on the type of work. The term of protection for different kinds of works is as follows:

- Literary, dramatic, musical and artistic works published during the lifetime of the author – 60 years from the beginning of the calendar year which follows the year in which the author dies.
- Cinematograph films – 60 years from the beginning of the calendar year which follows the year in which the cinematograph film is published.
- Sound recording – 60 years from the beginning of the calendar year which follows the year in which the sound recording is published.



### 1.5 Is there any overlap between copyright and other intellectual property rights such as design rights and database rights?

India does not allow parallel protection and statutorily clarifies that copyright does not subsist in any design which has been registered under the Designs Act, 2000. Furthermore, though unregistered designs are protected under the realm of Copyright Law, copyright in any unregistered design, which is capable of being registered under the Designs Act, will cease to exist if the article to which the design has been applied is reproduced more than 50 times by an industrial process by the owner of the copyright or, under his licence, by any other person.

Additionally, there is also an overlap with respect to the protection of artistic works between copyright law and trademark law. The artistic work, which is used or capable of being used in relation to any goods or services, can be protected both under trademark and copyright laws.

The definition of “literary work” includes computer programs, tables and compilations including computer databases. Thus, databases are protected under the copyright law as literary work.

### 1.6 Are there any restrictions on the protection for copyright works which are made by an industrial process?

Copyright in any unregistered design, which is capable of being registered as an industrial design, will cease to exist if the article to which the design has been applied is reproduced more than 50 times by an industrial process by the owner of the copyright or, under his licence, by any other person.

## 2 Ownership

### 2.1 Who is the first owner of copyright in each of the works protected (other than where questions 2.2 or 2.3 apply)?

There is a distinction between the author of a work and the owner of copyright therein, especially in those cases where the author has created the work in the course of employment, or at the instance of another person, and/or under a contract governing the ownership of copyright. Nevertheless, the first owner, generally (as per the Act), is the author of the work and since the term “author” has been defined in the Act for several categories of works, the first owner for each category of work will be as follows:

- the author/creator in respect of a literary or dramatic work;
- the composer in respect of a musical work;
- the artist in respect of an artistic work (“artistic work” means and includes a painting, sculpture, drawing, engraving, photograph, work of architecture and any other work of artistic craftsmanship) other than a photograph;
- the person taking the photograph in respect of a photograph;
- the producer, in relation to a cinematograph film or sound recording; and
- the person who causes the creation of the work in the case of any literary, dramatic, musical or artistic work which is computer-generated.

Where the work is a public speech or address, the person who delivers such work in public shall be the first owner of the copyright therein. However, if such work is made/delivered by a person on

behalf of another person, such other person on whose behalf the work is so made or delivered will be the first owner.

### 2.2 Where a work is commissioned, how is ownership of the copyright determined between the author and the commissioner?

When a work is commissioned, generally the copyright in the work remains vested with the author/creator of the work, unless the rights are assigned in favour of the commissioner in the form of a written and duly executed document/assignment agreement. Where the assignee/commissioner becomes entitled only to a particular set of rights out of those comprised in the copyright through the assignment, he/she shall be treated as the owner of those rights, and as regards the rest of the rights comprised in the copyright which have not been so assigned, the author shall be treated as the owner.

However, specifically in the case of a photograph, painting, portrait, engraving or a cinematograph film made or created for valuable consideration, the person who has commissioned such work shall be the first owner of the copyright therein (in the absence of any agreement to the contrary).

If the work in question is a public speech or address which is made on behalf of another person/commissioner, then the commissioner shall be the first owner of the copyright therein.

### 2.3 Where a work is created by an employee, how is ownership of the copyright determined between the employee and the employer?

The general rule is that the employer shall have copyright in the work created/authored by an employee in the course of employment unless there happens to be an agreement to the contrary.

Where any literary, dramatic or artistic work is made by the author in the course of employment by the proprietor of a newspaper, periodical, etc. for the purpose of publication in such media, the proprietor shall be the owner of the copyright in the work (in the absence of any agreement to the contrary). However, such ownership of the proprietor/employer shall be limited to the publication/reproduction of the work in such or other like media, while in all other respects, the author would still remain the first owner of the copyright of the work.

In the case of a public speech/address, the person making or delivering such work or the person on whose behalf such work is so made or delivered shall be the first owner of the copyright therein, even if either of them is employed by another person who arranges such speech or public address, or on whose behalf or premises such address or speech is delivered.

### 2.4 Is there a concept of joint ownership and, if so, what rules apply to dealings with a jointly owned work?

In India, the Act recognises the concept of “work of joint authorship”, which means a work produced by the collaboration of two or more authors in which the contribution of one author is not distinct from the contribution of the other author(s). The courts in India have not yet fully defined and determined as to what amounts to an active and close intellectual collaboration, which is essential in the case of claiming joint authorship. In the case of *Angath Arts Private Limited v. Century Communications Ltd. and Anr.* 2008(3) ARBLR 197(Bom), the High Court of Bombay held that the “joint owner of a copyright cannot, without the consent of the other joint owner, grant a licence or interest in the copyright to a third party”. Further, in

the case of a work of joint authorship, all the authors (two or more) have to individually satisfy the conditions essential for subsistence of copyright in the work. Joint authors enjoy all the rights granted by the Act as mentioned above, including bringing a suit for infringement and being entitled to reliefs such as injunction, damages, account of profits, etc. The term of copyright of a work of joint authorship is calculated with respect to the author who dies last.

### 3 Exploitation

#### 3.1 Are there any formalities which apply to the transfer/assignment of ownership?

An assignment of copyright must conform to the following formalities:

- Must be in writing and should be signed by the assignor or his duly authorised agent.
- Must identify the work, and shall specify the rights assigned, their duration, territorial extent and the amount of royalty and any other consideration payable.

#### 3.2 Are there any formalities required for a copyright licence?

A copyright licence must conform to the following formalities:

- Must be in writing and should be signed by the licensor or his duly authorised agent.
- Must identify the work, and shall specify the rights licensed, their duration, territorial extent and the amount of royalty and any other consideration payable.

#### 3.3 Are there any laws which limit the licence terms parties may agree (other than as addressed in questions 3.4 to 3.6)?

If the author is a member of a copyright society, a copyright licence in any work contrary to the terms and conditions of the rights already licensed to Copyright Societies shall be void.

Further, no copyright licence in any work to make a cinematograph film can affect the right of the author to claim an equal share of royalties and consideration payable in case of utilisation of the work in any form, other than for the communication to the public of the work, along with the cinematograph film in a cinema hall. Likewise, no copyright licence in any work to make a sound recording which does not form part of any cinematograph film can affect the right of the author to claim an equal share of royalties and consideration payable for any utilisation of such work in any form.

#### 3.4 Which types of copyright work have collective licensing bodies (please name the relevant bodies)?

The 1994 amendment in the copyright statute extended the operation of legal provisions relating to collective licensing bodies called the Copyright Societies to all rights relating to all domains of works.

Presently, the following four Copyright Societies are registered in India:

- Indian Reprographic Rights Organization (IRRO) for authors and publishers.
- Indian Singers Rights Association (ISRA) registered for performers' (Singers') Rights.

- Indian Performing Rights Society Limited (IPRS) for musical works.
- Phonographic Performance Limited (PPL) for sound recordings. (Re-registration is pending.)

#### 3.5 Where there are collective licensing bodies, how are they regulated?

The collective licensing bodies called the Copyright Societies are regulated by the following:

1. Authors and owners – the authors and owners, whose rights are administered, have collective control over these Copyright Societies. These societies, in such manner as prescribed, have to:
  - obtain approval of authors/owners of rights for their procedure of collection and distribution of fees;
  - obtain approval for utilisation of any amounts collected as fees for any purpose other than distribution to the authors/owners of rights; and
  - provide such owners regular, full and detailed information concerning all its activities, in relation to the administration of their rights.
2. Registrar of Copyrights – Copyright Societies shall submit to the Registrar of Copyrights such returns as may be prescribed. Any officer authorised by the Central Government may call for any report/record of any Copyright Society, to check whether the fees collected by the society in respect of rights administered by it are being utilised or distributed in accordance with the provisions of the Act.
3. Central Government – the Registrar of Copyrights submits the applications received for registration of Copyright Societies to the Central Government which may register such association of persons as a Copyright Society. In case the Copyright Society is being managed in a manner detrimental to the interests of the owners of rights concerned, the Central Government may cancel the registration of such society, after such inquiry as may be prescribed.

#### 3.6 On what grounds can licence terms offered by a collective licensing body be challenged?

Any person aggrieved by the tariff scheme published by the Copyright Societies may appeal to the Copyright Board and the Board may, after holding any necessary inquiry, make orders necessary to remove any element, anomaly or inconsistency therein.

### 4 Owners' Rights

#### 4.1 What acts involving a copyright work are capable of being restricted by the rights holder?

The Act clearly lays down those acts which are capable of being restricted by the rights holder in respect of all categories of works, as follows:

For a literary, dramatic or musical work (other than a computer program which also falls in the category of literary works), acts of reproducing in any material form, including storing through electronic means, issuing copies to the public not being those already in circulation, performing or otherwise communicating to the public, making a cinematograph film or sound recording of the work, making any translation or adaptation or effectuating any of the above in respect of a translation or adaption of the work, can be restricted.

For a computer program, in addition to all the above acts, selling and giving via commercial rental or offering for sale or rental any copy of the computer program can be restricted by the rights holder provided the essential object of such rental is the computer program in question.

For an artistic work, acts of reproducing in any material form including storing through electronic means, depicting a two-dimensional work in three dimensions or *vice versa*, issuing copies to the public not being those already in circulation, performing or otherwise communicating the work to the public, making a cinematograph film out of the work, making any adaptation or effectuating any of the above in respect of an adaptation of the work, can be restricted.

For a cinematograph film, making a copy of the film including a photograph of any image forming a part thereof and/or storing of such copy in any medium by electronic or other means, giving via the sale or commercial rental or offering for sale or for such rental any copy of the film, and communicating the film to the public can be restricted.

For a sound recording, making any other sound recording containing it or storing it in any medium by electronic or other means, giving via sale or commercial rental or offering for sale or for such rental any copy of the sound recording, and communicating it to the public can be restricted.

In India, the most common types of violation of the above rights as regards infringement actions is with respect to artistic works overlapping with trade mark law, and piracy in the media and entertainment space pertaining to musical works, sound recordings and cinematograph films.

#### **4.2 Are there any ancillary rights related to copyright, such as moral rights, and if so what do they protect, and can they be waived or assigned?**

Yes, the moral rights of an author are duly recognised and protected under law, whereby the author can claim authorship of the work irrespective of any subsequent assignment of copyright therein. Moreover, these rights serve to protect against any distortion, mutilation, modification or degradation of the work affecting the author's honour or reputation, even after the expiration of the term of copyright and, thus, can be exercised also by the author's legal heirs/representatives. Moral rights, which are independent of the author's copyright, can be understood as the author's right to paternity and integrity with respect to the work. These special rights of an author cannot be assigned; however, as to whether the author may waive or relinquish them remains debatable as the Act does not specifically cover such a scenario. However, in the case of *Sartaj Singh Pannu v. Gurbani Media Pvt. Ltd. and Ors.*, 2015, the court observed that if waiver of moral rights as regards credit/paternity/authorship is voluntary, the same would not be contrary to public policy and thus permissible. As such, waiving a moral right may be permissible on a case-by-case basis, especially if it is not opposed to public policy.

#### **4.3 Are there circumstances in which a copyright owner is unable to restrain subsequent dealings in works which have been put on the market with his consent?**

Yes, such circumstances do exist and are recognised where subsequent dealings in works cannot be restrained by the copyright owner. More particularly, in the case of literary (not being a computer program), dramatic, artistic or musical works, a copy of the work which has been sold even once, or is otherwise already in circulation, cannot be restrained by the copyright owner from being issued to the public. This concept is also referred to as the principle of exhaustion.

As far as parallel importation is concerned, it has been the subject of much debate and deliberation as to whether India should follow the doctrine of national exhaustion or international exhaustion. However, as on the date of writing this chapter, India follows the national exhaustion principle owing to a catena of judgments in this regard. As such, the online availability with regard to any subsequent dealings in copyrighted content would also be subject to and similarly attract the principle of national exhaustion. However, the courts are yet to fully address as to how this principle applies to digital content protected by copyright.

## **5 Copyright Enforcement**

### **5.1 Are there any statutory enforcement agencies and, if so, are they used by rights holders as an alternative to civil actions?**

Apart from the right to a civil action by way of filing a suit for infringement, remedies under criminal law are also provided to the rights holders. The rights holder or the authorised representative can file an official complaint to the local police authorities informing them of the infringement of his rights, or directly approach the Magistrate and file a criminal complaint so that the competent court can direct the police authorities to investigate further in the matter. The Police machinery has a pertinent role in combatting copyright infringement. Special state-specific cells/units such as the Anti-Piracy Cell – Kerala Police, Telangana Intellectual Property Crime Unit (TIPCU), etc. have been created, which may be approached by the rights holders for protection and enforcement of their rights. Additionally, the owner of copyright or his duly authorised agent may give a notice to the Customs authorities to suspend the clearance of imported infringing copies of work.

In view of the above, criminal remedies can be considered an alternative to civil actions.

### **5.2 Other than the copyright owner, can anyone else bring a claim for infringement of the copyright in a work?**

Apart from the owner of copyright, an exclusive licensee can also bring a claim for infringement.

### **5.3 Can an action be brought against 'secondary' infringers as well as primary infringers and, if so, on what basis can someone be liable for secondary infringement?**

An action can be brought against secondary infringers in addition to primary infringers, and both can be impleaded as co-defendants in an infringement law suit or as co-accused in a criminal complaint for infringement. Secondary infringers can be made liable for copyright infringement if they have been indirectly involved in, have contributed to or abetted an act of infringement. Although secondary infringement has not been so defined under the Act, one such instance wherein secondary liability can arise is when a person, without a licence from the copyright owner, permits for profit any place to be used for communicating the work to the public and where such communication constitutes infringement of the copyright in the work. The defence to this is when the person who has permitted any place to be so used was not aware, and had no reasonable ground to believe that such communication to the public would constitute infringement of copyright.

Thus, for a case of secondary infringement to be made out, the intent and/or knowledge on the part of the secondary infringer

as to the occurrence of infringement is material, and any indirect involvement or contribution in violating any of the bundle of rights of the owner of copyright in a work with such knowledge or intent, either express or implied, would constitute secondary infringement. Further, even intermediaries or ISPs can be made liable for secondary infringement as regards hosting digital content protected by copyright, if it is shown that they have contributed or possess actual knowledge of such infringement.

#### 5.4 Are there any general or specific exceptions which can be relied upon as a defence to a claim of infringement?

Any activity that falls under the scope of fair use and like provisions such as fair dealing in any work for private or personal use, including research/criticism or review/reporting of current events or current affairs, reproduction of work by a teacher or pupil in the course of instructions, reproduction of any work for the purpose of judicial proceedings or its reporting, the reading and recitation in public of reasonable extracts from a published literary or dramatic work, storing of work in any medium by electronic means by a non-commercial public library, for preservation if the library already possesses a non-digital copy of the work, etc., does not constitute infringement.

Apart from the above, the following is the non-exhaustive list of defences that can be resorted to while defending a claim of infringement:

- Challenging the subsistence of copyright – disputing the originality of the work.
- Claiming multiple originality by proving that the defendant had no access to the work created by the plaintiff.
- Challenging the right of the plaintiff to sue – preliminary objection on maintenance of the suit.
- Suit/complaint barred by limitation – preliminary objection on maintenance of the suit.
- No knowledge of infringement – in case of a civil action, if the defendant proves that at the date of the infringement he was not aware and had no reasonable ground for believing that copyright subsisted in the work, the plaintiff shall not be entitled to any remedy other than an injunction in respect of the infringement, and a decree for the whole or part of the profits made by the defendant by the sale of the infringing copies as the court may, in the circumstances, deem reasonable.

Furthermore, in case of criminal complaints, if the offence is not committed for commercial gain, the degree of fine/imprisonment may be reduced.

#### 5.5 Are interim or permanent injunctions available?

Yes, both interim and permanent injunctions are available as civil remedies in cases of copyright infringement. The courts in India are also ready to award *ex parte ad interim* injunctions in cases where there is an urgent need made out for restraining the act of infringement in question. In cases of grant of temporary injunctions, the trinity of *prima facie case*, *irreparable injury* and *balance of convenience* is always looked into by the courts in India.

#### 5.6 On what basis are damages or an account of profits calculated?

The grant of damages is generally meant to restore the position of the plaintiff in which he/she would have been, if the infringement

in question did not take place. Calculating damages involves the determination of loss caused to the plaintiff by the infringement. Punitive damages can be awarded in addition to basic amounts, especially if the act of infringement has been grave or flagrant in nature. Damages can also be exemplary in nature so as to set a deterrent for others. In *Time Incorporated v. Lokesh Srivastava (2005)30 PTC3(Del)*, it was observed that “...the time has come when the Courts dealing with actions for infringement of trademarks, copyrights, patents etc. should not only grant compensatory damages but award punitive damages also with a view to discourage and dishearten law breakers who indulge in violations with impunity out of lust for money so that they realize that in case they are caught, they would be liable not only to reimburse the aggrieved party but would be liable to pay punitive damages also, which may spell financial disaster for them”.

However, in cases where a defendant proves that he was not aware and had no reasonable ground for believing that copyright subsisted in the work at the date of infringement, the plaintiff will be entitled only to an injunction against the infringement and a decree for the whole or part of the profits made by the defendant by the sale of the infringing copies, as the court may, in the circumstances, deem reasonable.

#### 5.7 What are the typical costs of infringement proceedings and how long do they take?

The usual cost of an infringement proceeding before a High Court in India (such as the Delhi High Court), from its institution up to obtaining an order of preliminary injunction, may be in the range of USD 10,000 to USD 15,000; whereas the all-inclusive cost of filing a law suit and obtaining an order of permanent injunction from the court against the infringement may be in the range of USD 25,000 to USD 35,000 as reaching this stage involves a full trial. Infringement proceedings on full trial can take three to five years to conclude, whereas *ex parte* orders can be passed in just a few days from the institution of the suit.

#### 5.8 Is there a right of appeal from a first instance judgment and if so what are the grounds on which an appeal may be brought?

- Yes; in the case where the first instance judgment is passed by the District Court, an appeal may be instituted in the High Court. Further, in cases where the first instance judgment is passed by a Single Judge of the High Court, the appeal may be brought before the Division Bench. Also, in some cases, a special leave to appeal may be granted by the Supreme Court against first instance judgment passed by any court under Article 136 of the Constitution of India.
- In cases of seizure and disposal of infringing copies, an aggrieved person may, within 30 days of the date of order of Magistrate, file an appeal in the Court of Session.
- Certain substantive grounds, amongst others, on which an appeal may be brought, include where there is a question of fact involved or there has been misappreciation of facts or evidence in relation to the law in force, where there is concealment of facts or evidence which requires consideration afresh, or where a question of law needs to be addressed, etc.

#### 5.9 What is the period in which an action must be commenced?

The period of limitation for filing the suit is three years from the date of infringement. Where the cause of action for filing a suit for



infringement of copyright is a recurring one or continuing in nature, the limitation period of three years would be taken to commence from the date of such last infringement. Further, if sufficient and reasonable cause is shown for condonation of delay in instituting a law suit for infringement, the period of limitation of three years can be extended in accordance with judicial discretion and case law.

## 6 Criminal Offences

### 6.1 Are there any criminal offences relating to copyright infringement?

Yes; the following are the offences relating to copyright infringement:

- Knowingly infringing or abetting the infringement of copyright.
- Knowingly making use on a computer of an infringing copy of a computer program.
- Knowingly making, or possessing, any plate for the purpose of making infringing copies of any work in which copyright subsists.
- Circumvention of effective technological measures with the intention of committing copyright infringement.
- Knowingly removing or altering any rights management information without the authority.
- Knowingly distributing, importing for distribution, broadcasting or communicating to the public, without authority, copies of any work or performance, and knowing that electronics rights management information has been removed or altered without authority.
- Making or causing to be made a false entry or a writing falsely purporting to be a copy of any entry in the Register of Copyrights. Producing/tendering or causing to be produced or tendered as evidence any such entry or writing, knowing the same to be false.
- Knowingly making false statements or representation for the purpose of deceiving or influencing any authority or officer.
- Publishing a sound recording or a video film in contravention of the provisions that lay down the particulars to be included in such works.

### 6.2 What is the threshold for criminal liability and what are the potential sanctions?

Conviction for any offence mentioned in question 6.1 shall entail criminal liability. Different sanctions including a fine and/or imprisonment, seizure of infringing copies and delivery or disposal thereof are codified for different offences and their varying degrees. The fine may go up to a maximum of approximately USD 3,100, and the maximum prescribed imprisonment can extend up to three years.

## 7 Current Developments

### 7.1 Have there been, or are there anticipated, any significant legislative changes or case law developments?

One of the significant developments of the year has come in the form of approval by the Union Cabinet for acceding to the WIPO Copyright Treaty and WIPO Performers and Phonograms Treaty, which extends coverage of copyright to the internet and digital environment.

This year also marks the advent of the thrust towards digitisation and efforts for revamping the existing practices and procedures by the Copyright Office. In an endeavour to ensure transparency, the Copyright Office has decided to publish on its website orders relating to the applications filed for registration of copyright and subsequently listed for hearing. Further, to enhance efficiency, the extracts of the Register of Copyrights (RoC), which are the *prima facie* records of registration, shall now be forwarded to the registered users through email as well, in addition to the current practice of sending the physical copy through post. To digitally empower the stakeholders, the applications received online (on or after June 1, 2018) shall be processed electronically. During the examination of the application, if any discrepancy is observed, the same would be communicated to the applicant's email ID, registered on [www.copyright.gov.in](http://www.copyright.gov.in). The applicants would also be able to upload their responses using their Copyright login account.

Delay in processing of applications had long been a matter of concern. To address this issue and for expediting the processing of copyright applications, the Copyright Office reviewed its examination policies and found it necessary to issue guidelines for examination of different categories of works, viz., literary, artistic, musical, cinematograph film and sound recording works. On February 27, 2018, draft guidelines were published inviting all the stakeholders to furnish their feedback on the said guidelines by March 29, 2018. The manual for literary work has brought clarification in respect of protection over screen display in case of computer programs. It has been clarified that registration of a computer program in the software category will cover any screen displays generated by that program, provided that the computer program (code) generating the screen display is submitted by the applicant. However, in such case the owner of the computer program and that of the screen display should be the same.

Another foremost development has been in relation to the Copyright Societies. Recorded Music Performance Limited (RMPL) has recently applied through the Registrar of Copyrights, before the Central Government, for its registration as a Copyright Society in respect of Sound Recording Works. In the last year, an application for the registration of the Screenwriters Rights Association of India (SRAI) as a Copyright Society was filed.

Also recently, a Division Bench of the Delhi High Court, in the case of *Anand Bhushan & Ors. v. Union of India*, has upheld the constitutional validity of the provisions of, *inter alia*, Rules 56(3), 56(4), 56(5), 56(6) and 57(5) of the Copyright Rules, 2013 in relation to the Tariff Scheme, to be framed and published by Copyright Societies and in relation to an Appeal to the Board on Tariff Scheme, which were under challenge. The Court observed that these Rules do not negate the principal enactment, and it cannot be said that they are repugnant to or in derogation of the object and purpose, the principal enactment seeks to achieve. The Court further observed that the conditions and manner in which the Tariff Scheme is to be framed and published as per these Rules are rather in the interest of the public at large, in addition to the statutory mandate.

### 7.2 Are there any particularly noteworthy issues around the application and enforcement of copyright in relation to digital content (for example, when a work is deemed to be made available to the public online, hyperlinking, etc.)?

Recently, the Union Cabinet chaired by Prime Minister Shri Narendra Modi has approved the proposal submitted by the Department of Industrial Policy and Promotion, Ministry of Commerce and Industry regarding accession to the WIPO Copyright Treaty (WCT) and WIPO Performers and Phonograms Treaty (WPPT),



which extends coverage of copyright to the internet and digital environment. This approval is a step towards the objective laid in the National Intellectual Property Rights (IPR) Policy adopted by the Government on May 12, 2016, which aims to get value for IPRs through commercialisation by providing guidance and support to IPR owners about commercial opportunities of e-commerce through internet and mobile platforms. Accession to the mentioned treaties will help India in instilling confidence and distributing creative works in digital environments with return on investment. This shall also provide the domestic rights holders a level-playing field in other countries, enabling them to get reciprocal protection abroad.

In relation to copyright licensing, the Government has clarified that “any broadcasting organisation desirous of communicating to the public” may not be only restricted to radio and television broadcasting organisations, and it can include all media through which “communication to the public” can be made, thus including internet streaming as well.

Enforcing copyright in relation to digital content has been given much credence by the courts in India; however, the dichotomy remains as to whether specific URLs and links hosting infringing content or entire websites are to be blocked in this process – for instance, through John Doe orders. The same may also vary on a case-to-case basis. While the Madras High Court and the Delhi High Court have issued John Doe orders directing internet service providers to disable access to a large number of websites while adjudicating suits for copyright infringement, thereby restraining unauthorised copying, transmission, display, release, show, upload, download, exhibit, play or in any manner communication of these films, the Bombay High Court, on the other side, has favoured the granting of limited John Doe orders, based on concrete and precise information, to block specific URLs and links hosting the infringing material rather than entire websites.



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LexOrbis, established in 1997, is one of India's most recommended and highly rated full-service IP firms. Operating from three offices in New Delhi, Bangalore and Mumbai, we are strategically positioned to offer a far-reaching service to both domestic and international companies. With a team of over 65 attorneys, we provide end-to-end services and practical solutions to all aspect of patents, designs, trade marks, copyright, competition, sports, media & entertainment, unfair competition, e-commerce and other related laws.

The firm has a diverse client base that includes many Fortune 500 companies, other multinational corporations, leading Indian companies, public sector organisations, research institutes, universities, small and medium-sized enterprises, and technology start-ups. The firm offers full legal and technical expertise to a wide range of industries, including automotive, biotechnology, biosimilars, chemical, consumer products, electrical & electronics, information and communication technology, software, media & entertainment, oil & gas, pharmaceuticals, seeds and agro-chemical products, food and beverages, fashion, sports and publishing. Our professionals work in the best interests of clients and are known for their clear communication, responsiveness, quick turnaround time and out-of-the-box thinking and solutions. More information about our firm can be found on our website [www.lexorbis.com](http://www.lexorbis.com).

# Israel

Liad Whatstein & Co.

Liad Whatstein



Uri Fruchtmann



## 1 Copyright Subsistence

### 1.1 What are the requirements for copyright to subsist in a work?

The requirements for copyright to subsist in a literary, artistic, musical and dramatic work are: (a) originality (interpreted by the courts to also involve a degree of creativity); (b) fixation in any form; and (c) connection to Israel (in general, that the work was first published in Israel or that when the work was created, its author was an Israeli citizen or his/her habitual residence was in Israel) or copyright under an applicable international treaty (among others, Berne and TRIPS).

### 1.2 On the presumption that copyright can arise in literary, artistic and musical works, are there any other works in which copyright can subsist and are there any works which are excluded from copyright protection?

In addition to literary works (including among others lectures, tables, compilations (including databases) and computer programs (in any form of expression)), artistic works (including among others photographic works, maps, charts, architectural works and works of applied art (including typefaces)), dramatic works (including among others choreography) and musical works, copyright can subsist in a sound recording as such.

Any work that does not fall under any of the above categories is excluded from copyright protection.

In addition, designs (unless the design is neither used, nor intended for use in industrial manufacture (in general, manufacture of more than 50 articles incorporating the design)) and official publications are excluded from copyright protection.

Ideas, procedures and methods of operation, mathematical concepts, facts or data and news of the day are also excluded from copyright protection, but copyright can subsist in their expression.

### 1.3 Is there a system for registration of copyright and if so what is the effect of registration?

There is no system for registration of copyright.

### 1.4 What is the duration of copyright protection? Does this vary depending on the type of work?

The duration of copyright protection is in general: the life of the author plus 70 years (in a joint work – the life of the longest surviving

joint author plus 70 years; if the author is unknown – 70 years from the date of publication (and if the work was not published until the end of 70 years from the date of its creation – 70 years from the date of creation)); in sound recordings (in general) and typeface works – 70 years from the date of publication; and in State works – 50 years from the date of creation.

The duration of copyright protection will end at the end of the calendar year in which such protection is set to expire.

### 1.5 Is there any overlap between copyright and other intellectual property rights such as design rights and database rights?

As detailed in question 1.2, in general, a design is excluded from copyright protection; in the rare instance in which a design is neither used, nor intended for use in industrial manufacture, it may enjoy both design rights and copyright. In addition, see question 7.1.

A logo and a slogan may enjoy both copyright and trademark rights.

There is no *sui generis* database right in Israel (a database may enjoy copyright protection if there is originality in the selection or arrangement of the data).

### 1.6 Are there any restrictions on the protection for copyright works which are made by an industrial process?

As detailed above, designs which are used or intended for use in industrial manufacture (in general, manufacture of more than 50 articles incorporating the design) are excluded from copyright protection. In addition, see question 7.1.

## 2 Ownership

### 2.1 Who is the first owner of copyright in each of the works protected (other than where questions 2.2 or 2.3 apply)?

The first owner of copyright in a literary, artistic, musical and dramatic work is the author; in a sound recording – the producer.

### 2.2 Where a work is commissioned, how is ownership of the copyright determined between the author and the commissioner?

In general, the first owner of copyright in a commissioned work is the author, unless otherwise agreed between the author and the

commissioning party, expressly or impliedly. In a commissioned work, i.e. a portrait or a photograph of a family event or other private event, the first owner of copyright is the commissioning party. In a commissioned work, in which the commissioning party is the State, the first owner of copyright is the State, unless otherwise agreed.

### **2.3 Where a work is created by an employee, how is ownership of the copyright determined between the employee and the employer?**

The first owner of copyright in a work made by an employee during and for the purpose of his employment is the employer, unless otherwise agreed; and in a work made by a State employee (including a soldier, police officer and any other person who holds a position according to a statute in a State entity or institution) during and in consequence of his employment, the owner is the State, unless otherwise agreed.

The causal connection required in order to recognise the State as the first owner of copyright may arguably be more easily established than that required in order to recognise a non-State employer ('in consequence of employment' being arguably a broader term than 'for the purpose of employment'). However, in any case, in determining whether a copyright work made by an employee is a service work under the copyright law, courts will apply a flexible set of rules and will analyse the relationship between the copyright work and the employee's duties. Most importantly, if an employee holds a senior position in the organisation, he is deemed to be under special fiduciary duty to further the interests of the employer. For such employees, the scope of copyright works belonging to the employer will be broader and it will be easier to establish the causal connection between the copyright work and the employment.

### **2.4 Is there a concept of joint ownership and, if so, what rules apply to dealings with a jointly owned work?**

A copyright work can have joint ownership: among others, a work created jointly by several authors, wherein it is not possible to discern each author's contribution to the work, will be regarded as a joint work, and each author will be regarded as a joint first owner of copyright in the work. The Copyright Act does not set rules with regard to dealings with a jointly owned work. In accordance with general principles of law, presumably, a joint owner may: (a) unless otherwise agreed, assign his share in the copyright or reasonably exploit the copyright work (i.e., in a manner that would not prevent the other joint owners from reasonably exploiting the work – it is not clear whether 'reasonable exploitation' may involve also the grant of a non-exclusive licence to a third party) without the consent of the other joint owners; or (b) demand the dissolution of the joint ownership (even if otherwise agreed, the court has discretion to order the dissolution of joint ownership at the request of a joint owner).

In any event, joint ownership of copyright (let alone deferring to the default rules of joint ownership under the general principles of law) is generally not recommended and is prone to create conflicts.

## **3 Exploitation**

### **3.1 Are there any formalities which apply to the transfer/assignment of ownership?**

The Copyright Act provides that a contract for the assignment of copyright or the grant of an exclusive licence therein require a written

document. However, Israeli case law has held that this requirement to put the contract in writing is merely probative and not constitutive.

### **3.2 Are there any formalities required for a copyright licence?**

With respect to an exclusive licence – see question 3.1. There are no formalities required for a non-exclusive copyright licence.

### **3.3 Are there any laws which limit the licence terms parties may agree (other than as addressed in questions 3.4 to 3.6)?**

No, there are no restrictions on licence terms.

### **3.4 Which types of copyright work have collective licensing bodies (please name the relevant bodies)?**

TALI (The Collecting Society of Film and Television Creators in Israel Ltd.) is the collective licensing body for Israeli screenwriters and directors.

ACUM is the collective licensing body for Israeli authors, composers, lyricists, poets, arrangers and music publishers.

The Israeli chapter of the International Federation of Phonographic Industry (IFPI) and PIL (The Israeli Federation of Independent Record Producers) are both collective licensing bodies for producers of sound recordings.

In addition, there are collective licensing bodies for Israeli performers (who enjoy quasi-copyright protection in their performances): EILAM (for musicians); and Eshkolot (for artists (actors, singers, entertainers and dancers)).

### **3.5 Where there are collective licensing bodies, how are they regulated?**

Israeli collective licensing bodies operate under terms set by the Israel Antitrust Authority.

### **3.6 On what grounds can licence terms offered by a collective licensing body be challenged?**

Licence terms offered by a collective licensing body may be challenged on the grounds that they violate the terms set by the Israel Antitrust Authority or they constitute 'depriving conditions' in a uniform contract.

## **4 Owners' Rights**

### **4.1 What acts involving a copyright work are capable of being restricted by the rights holder?**

The rights holder in a copyright work has the exclusive right to exploit the work, or a substantial part thereof, in the following manner(s), in accordance with the category of the work:

- (1) Publication – in respect of a work not yet published.
- (2) Reproduction (i.e., making of a copy of the work, in any material form, including: (a) storage of the work through any technological means; (b) making a three-dimensional copy of the work if it is a two-dimensional work and *vice versa*; and (c) making a temporary copy of the work) – with respect to all categories of works.

- (3) Public performance (i.e., aural playing or staging of the work publicly, either directly or through use of a device) – in respect of all categories of works excluding artistic works.
- (4) Broadcasting (i.e., transmitting, by wire or wireless means, the sounds or images which are contained in the work, to the public) – in respect of all categories of works.
- (5) Making a work available to the public (i.e., doing of an act in relation to the work that will enable members of the public to access the work from a place and at a time chosen by them) – in respect of all categories of works.
- (6) Making of a derivative work (i.e., making of an original work which is substantially based upon the copyright work, such as a translation or adaptation) and exploiting the derivative work in any manner set forth in sections (1) to (5) above – with respect to all categories of works excluding a sound recording.
- (7) Rental (i.e., rental of physical copies of the work to the public, for a commercial purpose, but excluding rental of a computer program or sound recording which constitutes an integral part of another object where such other object is the primary object of the rental) – in respect of a sound recording, cinematographic work and computer program.

A person who exploits a copyright work in any of the manners specified above, or who authorises another person to exploit a copyright work in any such manner, without the consent of the copyright owner, infringes the copyright, subject to the exceptions detailed in question 5.4.

#### **4.2 Are there any ancillary rights related to copyright, such as moral rights, and if so what do they protect, and can they be waived or assigned?**

The author of a copyright work (excluding a computer program and a sound recording) has moral rights in relation to the work during the entire period of copyright. Moral rights protect the author's 'right of association' (i.e., the right of the author to have his name identified with his work to the extent and in the manner suitable in the circumstances) and 'right of integrity' (i.e., the right of the author that no distortion shall be made of the work, nor mutilation or other modification, or any other derogatory act in relation to the work, where any such act would be prejudicial to the author's reputation and unreasonable under the circumstances).

Moral rights are personal (i.e., they are available to the author even if he/she does not have copyright in the work or if he/she has assigned the copyright in the work) and not assignable, but can be waived by the author.

#### **4.3 Are there circumstances in which a copyright owner is unable to restrain subsequent dealings in works which have been put on the market with his consent?**

The Israeli Copyright Act opts for 'international exhaustion' of rights (i.e., a copy imported into Israel, which has been made outside of Israel with the consent of the copyright owner in the country in which it was made, shall not be deemed an infringing copy).

## **5 Copyright Enforcement**

#### **5.1 Are there any statutory enforcement agencies and, if so, are they used by rights holders as an alternative to civil actions?**

The Israeli Copyright Act incorporates the border measure provisions provided in Part III, Section 4 of the Agreement on Trade-Related

Aspects of Intellectual Property Rights (TRIPS). These measures allow the Israeli Customs authorities to require the copyright owner to submit a bank guarantee as security for the damages that may be caused to the importer and to file legal action against the importer within a prescribed period of time. In practice, most of the TRIPS seizures are concluded promptly after the seizure and only rarely require full scale litigation.

In addition, there are the following measures:

Expedited procedure: under Israeli internal Customs working guidelines, Israeli Customs set up a simplified procedure whereby its staff can confiscate shipments of infringing goods without requiring the copyright owner to take legal action or file a bank guarantee. Israeli courts have denied attempts to question those Customs' broad powers, and have held that the TRIPS border measures provisions do not derogate from Customs' general powers to seize goods whose importation is in violation of IP or other laws. Customs' expedited procedure allows for a cost-effective means of combatting piracy and creates a substantial barrier against the importation of infringing goods into Israel.

IP Unit of the Israeli Police: as the marketing of infringing goods amounts to a criminal offence, the Israeli police set up an IP Unit that monitors the markets, obtains intelligence (among others from copyright owners) and raids the premises of businesses manufacturing and marketing infringing products. While police raids and confiscation of infringing goods are in themselves valuable, criminal prosecution is slow and inefficient with unsatisfactory criminal sanctions.

Goods in transit: in accordance with the bilateral economic agreement between Israel and the Palestinian Authority and the 1994 Act implementing it, Israel and the Palestinian Authority constitute a single Customs Union that permits free movement of goods. The Supreme Court has held that importation of goods into Israel for the purpose of sale or marketing in the areas of the Palestinian Authority is equivalent to the importation of goods into Israel for the same purpose (LCA 2736/98 *Habboub Bros Co v Nike International Ltd*, 54(1) PD 614). The case concerned trademark-infringing goods, however, in C.F. (Tel Aviv) 1007/06 *Disney Enterprises Inc. v International Line for Trading Company*, the Tel Aviv District Court clarified that this ruling applies also to copyright-infringing goods. The District Court accordingly held that the importation into Israel of goods-in-transit destined into the areas of the Palestinian Authority may amount to an infringement of copyright protected in Israel. Israeli Customs are therefore authorised to seize copyright-infringing goods destined into the Palestinian Authority. In practice, a significant percentage of customs' seizures are of shipments of infringing products imported by residents of the Palestinian Authority and destined for these areas.

#### **5.2 Other than the copyright owner, can anyone else bring a claim for infringement of the copyright in a work?**

Other than the copyright owner, an exclusive licensee can also bring a claim for infringement of the copyright in a work.

A claim for infringement of moral rights may be brought by the author, and if the infringement occurred after his death, by his relatives (a spouse, descendant, parent or sibling).

#### **5.3 Can an action be brought against 'secondary' infringers as well as primary infringers and, if so, on what basis can someone be liable for secondary infringement?**

Yes, as noted in question 4.1, a person who authorises another person to infringe a copyright work, infringes the copyright.



In addition, a person who does one of the foregoing acts with respect to a copyright-infringing copy infringes the copyright, if he has actual or constructive knowledge that said copy is an infringing copy:

- (1) Sale or rental, including offer or display for sale or rental.
- (2) Possession or import for a commercial purpose.
- (3) Distribution on a commercial scale.
- (4) Exhibition to the public in a commercial manner.

Secondary infringement of moral rights: a person who does one of the above listed acts (excluding import) with respect to a copy of a work (excluding a building or other structure), and such act constitutes an infringement of moral rights, infringes the moral rights if he has actual or constructive knowledge that such copy infringes the moral rights.

Secondary infringement of the right of public performance: a person who permits another person, for financial gain, to publicly perform a copyright work in a place of public entertainment, without the consent of the copyright owner, infringes the copyright, if he has actual or constructive knowledge that said performance would constitute an infringement.

Contributory infringement under general principles of law: in addition to the above which is provided under the Copyright Act, the Israeli Supreme Court has incorporated the general doctrine of contributory infringement into Israeli jurisprudence (C.A. 5977/07 *the Hebrew University of Jerusalem v. Schocken Publishing House*). Under the Supreme Court ruling, three cumulative conditions must be satisfied in order to impose contributory liability on intermediate parties:

- (I) The plaintiff must prove that at least one actual direct infringement has occurred.
- (II) The defendant must possess *actual* knowledge of the infringing activity (i.e., constructive knowledge will not suffice).
- (III) The contribution must be significant and substantial.

#### 5.4 Are there any general or specific exceptions which can be relied upon as a defence to a claim of infringement?

Under the Copyright legislation, the foregoing acts are permitted:

- (1) Fair use: fair use of a copyright work for purposes such as: private study; research; criticism; review; journalistic reporting; quotation; or instruction and examination by an educational institution.
- (2) Use in juridical or administrative procedures: making use of a copyright work in juridical or administrative procedures according to law, including reporting on such proceedings, to the extent that is justified taking into consideration the purpose of the use.
- (3) Reproduction of a work deposited for public inspection: copying of a copyright work that is accessible to the public by law, if consistent with the purpose for which the work was made accessible to the public, and to the extent that is justified taking into consideration the said purpose.
- (4) Incidental use: incidental use of a copyright work by way of including it in a photographic work, in a cinematographic work or in a sound recording, as well as the use of such work which thus includes a copyright work (the deliberate inclusion of a musical work, including its accompanying lyrics, or of a sound recording embodying such musical work, in another work, will not be deemed to be an incidental use).
- (5) Broadcast or copying of a work in a public place: broadcasting, or copying by way of photography, drawing or similar visual description, of a copyright architectural work, work

of sculpture or work of applied art, where such work is permanently situated in a public place.

#### (6) Computer programs:

- (a) Back-up: making a back-up copy of a copyright computer program, by a person who possesses an authorised copy (provided that such copy is destroyed when no longer needed for back-up).
- (b) Maintenance and service: copying of a copyright computer program for purposes of maintenance of an authorised copy of the program or of a computer system, or for purposes of providing a service to a person in possession of an authorised copy of the computer program, provided that it is necessary for using the program.
- (c) Repair, interoperability and security: copying of a copyright computer program, or making a derivative work therefrom, by a person who possesses an authorised copy of the computer program, for the following purposes and to the extent necessary to achieve said purposes:
  - (I) Use of the computer program for purposes for which it was intended, including correction of errors in the computer program or making it interoperable with a computer system or with another computer program.
  - (II) Examination of the data security in the program, correction of security breaches and protection from such breaches.
  - (III) Obtaining information which is needed to adapt a different and independently developed computer system or program, in such a way that it will be interoperable with the computer program.

#### (7) Recording for purposes of broadcast: recording of a work by a person permitted to broadcast it, if the copy is made solely for use in his broadcasts (provided that the recording is destroyed within six months from the first broadcast, or within a later period if so prescribed by law (however, the recording need not be destroyed if it is preserved for archival purposes or as long as the broadcaster is permitted to broadcast the recorded work)).

#### (8) Temporary copies: transient copying, including incidental copying, of a copyright work, if such is an integral part of a technological process whose only purpose is to enable transmission of the work as between two parties, through a communications network, by an intermediary entity, or to enable any other lawful use of the work, provided the said copy does not have significant economic value in itself.

#### (9) Additional artistic work made by the author: making a new artistic work which comprises a partial copying of an earlier work, or a derivative work from an earlier work, as well as any use of the said new work, by the author of the said earlier artistic work (even where said author is not the owner of the copyright in the earlier artistic work), provided the new work does not repeat the essence of the earlier work or constitute an imitation thereof.

#### (10) Renovation and reconstruction of buildings: use of the following works is permitted for the purpose of renovation or reconstruction of a building or other structure:

- (I) The architectural work which is the aforesaid building or structure, or a model thereof.
- (II) The drawings and the plans that were used with the consent of the owner of the copyright therein, at the time the said building or structure was originally constructed.

In addition to the above, the copyright legislation permits, under certain conditions, the public performance of copyright works in educational institutions, making copies of copyright works in libraries and archives, formatting copyright works for persons with disabilities, the manufacture of copyright sound recordings subject to royalty payment and private copying of copyright works.



### 5.5 Are interim or permanent injunctions available?

In general, both interim and permanent injunctions are available. An exception exists with regard to infringing structures in construction: where the construction of a building or other structure has begun, and there is (or there will be upon the completion of construction) copyright or moral rights infringement in that building or other structure, an order to enjoin the construction (or to tear down the construction) will not be available.

### 5.6 On what basis are damages or an account of profits calculated?

Damages are calculated on the basis of the actual damages suffered by the plaintiff as a result of the infringement. An account of profits is calculated on the basis of the profits of the infringer that are attributable to the infringement. In general, the plaintiff must elect between recovering his damages and recovering the infringer's profits.

A third alternative is an award of statutory damages without proof of injury, in an amount not exceeding NIS 100,000 in respect of each copyright or moral rights infringement (however, infringements carried out as part of a single set of activities shall be deemed as a single infringement).

An innocent infringer (an infringer that did not know and could not have known that copyright subsists in the infringed work) will not be obligated to pay any damages. The threshold to prove that the infringer was 'innocent' is very high and the defence is rarely invoked.

### 5.7 What are the typical costs of infringement proceedings and how long do they take?

Costs of copyright litigation in Israel vary depending on the complexity of the matter, the type of copyright work and the scope of the evidence. There is no 'general' ballpark cost estimate for different cases involving different type of works and different levels of complexity. The duration of infringement proceedings (in the first instance) is anything between 14 and 36 months and sometimes significantly longer. Preliminary injunctions and search and seizure (Anton Piller) orders can however be obtained within days to weeks depending on the urgency of the matter.

### 5.8 Is there a right of appeal from a first instance judgment and if so what are the grounds on which an appeal may be brought?

Yes, there is a right of appeal from a first instance judgment. The appellate court has very wide discretion to remedy any error made by the first instance court.

### 5.9 What is the period in which an action must be commenced?

The period of limitations for commencing an action is seven years. If the plaintiff was not aware of the infringement, for reasons beyond his reasonable control, the seven-year limitation period will only begin on the day on which the infringement has become known to the plaintiff. Further, in case of a continuing infringement, only the 'part' of the infringement which took place prior to the seven-year period will be subject to limitations. The cause of action itself

will not be lost. Thus, the plaintiff will be entitled to an injunction restraining prospective infringements and to damages with regard to the 'part' of the infringement which is not subject to limitations.

## 6 Criminal Offences

### 6.1 Are there any criminal offences relating to copyright infringement?

Yes, any of the following are criminal offences:

- (1) Making, possessing or importing into Israel an infringing copy for the purpose of trade therein.
- (2) Engaging in the selling, letting for hire or distributing an infringing copy or doing any of these acts on a commercial scale.
- (3) Making or possessing an object designed for the making of copies, for the purpose of making an infringing copy for purpose of trade therein.

### 6.2 What is the threshold for criminal liability and what are the potential sanctions?

In general, the threshold for criminal liability is general intent. The potential sanctions vary according to the type of offence:

- (1) Making or importing into Israel an infringing copy for the purpose of trade therein is subject to a penalty of up to five years' imprisonment or a fine in the amount of up to NIS 2,260,000.
- (2) Making or possessing an object designed for the making of copies, for the purpose of making an infringing copy for the purpose of trade therein is subject to a penalty of up to one years' imprisonment or a fine in the amount of up to NIS 452,000.
- (3) Any other offence is subject to a penalty of up to three years' imprisonment or a fine in the amount of up to NIS 1,582,000.

In case the offence was committed by a corporation, the fine prescribed for that offence will be doubled.

In addition, in case the offence was committed by a corporation or a corporation employee, an office holder in the corporation who is responsible for the field in which the offence was committed or is an active manager or a partner other than a limited partner, will be liable to a fine in the amount of up to NIS 226,000, unless he proves that he had supervised and did all that is possible to prevent the occurrence of the offence.

In practice, courts are forgiving and criminal sanctions are not imposed to their fullest extent or even close to it.

## 7 Current Developments

### 7.1 Have there been, or are there anticipated, any significant legislative changes or case law developments?

There is a government bill in advanced stages of legislation that provides, among others, that courts shall have authority to issue blocking orders to internet service providers (ISPs) with regard to copyright-infringing sites (in our opinion, Israeli courts already have such authority, however, there is some conflicting authority on this point) and to order ISPs to disclose the identity of alleged infringing subscribers to prospective plaintiffs.

As stated in question 1.2, designs are excluded from copyright protection, unless the design is not used, nor intended for use in industrial manufacture. The new Designs Act, which entered into force in August 2018, did not change this rule. Nevertheless, in a recent judgment, the Israeli Supreme Court has held that copyright can subsist in an artistic work which is ‘conceptually separable’ from the useful article incorporating the design (CA 1248/15 *Fisher Price Inc v Doron – import and export Ltd*).

**7.2 Are there any particularly noteworthy issues around the application and enforcement of copyright in relation to digital content (for example, when a work is deemed to be made available to the public online, hyperlinking, etc.)?**

See question 7.1. In addition, the Israeli Supreme Court has already ruled, in 2012, that the streaming of copyrighted works via the internet amounts to their ‘broadcasting’, and thus may constitute copyright infringement (CA 9183/09 *The Football Association Premier League Limited v John Doe*). Furthermore, the Supreme Court noted that hosting or hyperlinking to infringing content in one’s internet site may amount to contributory copyright infringement.



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Liad is one of Israel’s best-known and most respected IP lawyers and has been involved in some of Israel’s most complex and widely publicised patent, trademark and copyright disputes. Liad is broadly recognised by clients, peers and international directories as one of Israel’s most successful litigators. Liad has successfully litigated some of Israel’s landmark IP cases including highly precedential decisions in the copyright and trademark field for major international clients and obtained judgments which changed significant aspects of the copyright practice in Israel.

Liad has been consistently described by *Chambers*, *The Legal 500*, *IAM*, *Who’s Who Legal*, *WTR* and other leading directories as a “truly great litigator” and a “celebrated name” who knows how to deliver results to clients. Liad is also a prolific writer and was the Chairman of the IP Chapter of the Israel Bar Association.



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**LIAD WHATSTEIN & CO.**  
Law Office

Liad Whatstein & Co. is internationally recognised as Israel’s foremost IP firm. The firm is recognised as the first choice for complex litigation representing many of the global international brand owners, media companies and international publishers, film studios, electronic and computer software and hardware companies, major innovative pharmaceutical companies, car manufacturers, companies in the defence and aviation sectors, and many others. The firm also handles one of the largest anti-counterfeiting practices in Israel. It has excellent working relationships with all enforcement agencies and assisted in developing their working guidelines and procedures. In addition, the firm manages large patent and trademark portfolios of major international clients. The State of Israel also entrusted the firm with its high-profile IP cases attesting to the firm’s prominent position and recognition by peers.

# Italy



Massimo Donna



Francesco Tripaldi

## Paradigma – Law & Strategy

### 1 Copyright Subsistence

#### 1.1 What are the requirements for copyright to subsist in a work?

In order for a work to be protected by copyright, it needs to be of a creative nature, i.e., new and original. Over the years, case law has clarified that the “creativity” test does not require that the relevant work is absolutely new and unique, but it must not be a derivative copy of a prior work and must be a recognisable product of the author’s independent skills and efforts.

Also, “reduction to material form” is a pre-requisite for works to attract copyright protection in Italy, meaning that the creation has to be expressed in perceptible form (see Articles 2575 and 2576 of the Italian Civil Code (“ICC”), as well as Article 1 of the Italian Copyright Law (“ICL”)).

#### 1.2 On the presumption that copyright can arise in literary, artistic and musical works, are there any other works in which copyright can subsist and are there any works which are excluded from copyright protection?

Under Article 1 ICL, computer programs and databases are expressly protected by copyright, whereas Articles 2 to 4 ICL provide a list of works which attract copyright protection, from literary works to choreography, industrial design works (provided that they display artistic value as well as a creative nature), dictionaries and derivative works.

The Italian Supreme Court’s case law has consistently stated that the categories of work listed in Articles 1 to 4 ICL are subject to extensive interpretation (e.g., over the years, copyright protection has been granted to internet websites and advertisements).

No category of works is *per se* expressly excluded from copyright protection.

#### 1.3 Is there a system for registration of copyright and if so what is the effect of registration?

Copyright protection comes into existence as soon as any work is created and fixed in a tangible medium of expression. No formalities are warranted (see Article 6 ICL).

However, a copyright holder may wish to prove that he/she is the actual author, having created the work before anybody else. In order to do so, the author may file his/her work(s) either with the special

register kept at the Ministry of Cultural Heritage and Activities and Tourism or with the Society of Authors and Publishers (“SIAE”, a public collective licensing body).

Creative works may also be filed with certain new private platforms which provide registration services (e.g., [www.patamu.com](http://www.patamu.com)).

#### 1.4 What is the duration of copyright protection? Does this vary depending on the type of work?

The ICL grants the author(s) both moral and economic exploitation rights.

Moral rights may be asserted by the author and, after his/her death, by his/her heirs without time limitation.

On the contrary, financial exploitation rights belong to the author when alive and then to his/her heirs for a time period of 70 years after the author’s death.

Special provisions as to the computation of the above-mentioned time period apply to certain types of work, including those of musical and choreographic character as well as to collective works.

Upon expiration of copyright protection, the works move into the public domain and can be freely published.

#### 1.5 Is there any overlap between copyright and other intellectual property rights such as design rights and database rights?

Under Article 2 ICL, copyright protection may be granted to industrial design works on the condition that, in addition to having a creative character, such works also have an “inherent artistic value”.

Therefore, the case law is steady in stating that a work can be eligible for protection both as a design and a creative work.

A copyright-protected creative work may also enjoy trademark protection, if all the relevant requirements are met (especially distinctive character).

Databases are typically only protected by way of copyright.

#### 1.6 Are there any restrictions on the protection for copyright works which are made by an industrial process?

In the past, certain case law had stated that works of industrial design which are mass produced cannot be protected by way of copyright. Such a view has recently been quashed by the Supreme Court, which has ruled that even works made by an industrial process can be copyright protected.

## 2 Ownership

### 2.1 Who is the first owner of copyright in each of the works protected (other than where questions 2.2 or 2.3 apply)?

The first owner of copyright is the author who creates the work and fixes it in a tangible form. The author automatically acquires moral and exploitation rights upon the relevant work as from its creation.

### 2.2 Where a work is commissioned, how is ownership of the copyright determined between the author and the commissioner?

The author and the commissioner are free to stipulate who will own the economic exploitation rights. There are no statutory constraints.

However, when the author is a self-employed consultant, the commissioner will only acquire full economic exploitation rights in the work if the creative work was expressly stipulated as the object of the contract. Lately, the case law has tended to extend such regime to all commissioned works.

As for moral rights, they belong to the actual author and cannot be assigned.

### 2.3 Where a work is created by an employee, how is ownership of the copyright determined between the employee and the employer?

Whereas Italian law provides a clear regime for patent rights relevant to inventions made by employees, no general statutes govern the issue of creative work effected by employees.

However, should an employment contract (or any other valid agreement between the employer and the employee) not clarify the copyright ownership rules, the economic exploitation rights are typically regarded by case law as being vested in the employer, provided that the relevant work falls within the employment scope.

Articles 12-*bis* and 12-*ter* ICL expressly state that employers enjoy exclusive exploitation rights upon any software, databases and industrial design works created by their staff.

Other exceptions concern collective works, magazines and newspapers, cinematographic works, etc.

### 2.4 Is there a concept of joint ownership and, if so, what rules apply to dealings with a jointly owned work?

Unless the parties have stipulated otherwise, certain specific statutes apply when two or more authors have contributed to the creation of the work.

Works made of autonomous contributions from different authors under the direction of a single directing author are called collective works, and the directing author is considered the author of the work as a whole, whereas each contributor to the collective work is regarded as the author of his/her specific contribution.

On the contrary, when works are made of indistinguishable and inseparable contributions from two or more authors, the copyright belongs to all the authors jointly and, in the absence of a written agreement to the contrary, the indivisible shares to the work are presumed to be of equal value.

## 3 Exploitation

### 3.1 Are there any formalities which apply to the transfer/assignment of ownership?

The exploitation rights in a work can be freely transferred both by contract and succession.

Article 110 ICL provides that the transfer of exploitation rights must be proved in writing, but a verbal agreement, if undisputed by the parties, is valid.

An author can always require that the work is withdrawn from the market for serious moral reasons; however, in such a case, the owner of the exploitation rights will be entitled to compensation.

Moral rights cannot be transferred and any such transfer is considered invalid.

### 3.2 Are there any formalities required for a copyright licence?

Copyright licence agreements must be proved in writing, but a verbal agreement, if undisputed by the parties, is valid.

### 3.3 Are there any laws which limit the licence terms parties may agree (other than as addressed in questions 3.4 to 3.6)?

Article 119 ICL sets out certain requirements as to the licensing of exploitation rights in the context of publishing agreements. However, such requirements typically apply to all copyright-protected works.

In fact, exploitation rights can be licensed both on an exclusive or non-exclusive basis; however, if nothing is expressly stipulated to the contrary, it is presumed that such rights have been licensed on an exclusive basis.

Also:

- i. future rights which may be afforded by subsequent laws, and which provide copyright protection of wider scope or longer duration, may not be included in the transfer;
- ii. in the absence of an express stipulation, the transfer shall not extend to the exploitation rights of derivative works; and
- iii. in the absence of an agreement to the contrary, the transfer of one or more of the exploitation rights shall not imply the transfer of other rights, which are not necessarily dependent on the right which is transferred.

### 3.4 Which types of copyright work have collective licensing bodies (please name the relevant bodies)?

Historically, SIAE (the Italian Society of Authors and Publishers) was the only authorised collective licensing body in Italy.

SIAE handles authors' rights in relation to: music; cinematographic works; theatrical works; and literary and scientific works, both written and oral, including computer programs and pictures, operas and ballets.

A change in 2017 saw legislation passed whereby the collective licensing market was opened to other players, as long as such newcomers are not-for-profit organisations.

At the time of writing, Soundreef Ltd, a company incorporated in the UK, is SIAE's main competitor in the music rights segment, operating in Italy through a partnership with a not-for-profit organisation.

### 3.5 Where there are collective licensing bodies, how are they regulated?

At the time of writing, the only collective licensing bodies operating in Italy are SIAE and Soundreef Ltd.

The legal regime of collective licensing bodies is set forth in Article 180 ICL and in Legislative Decree 35 of 15 March 2017. SIAE's activity is governed by its Articles of Association and an *ad hoc* regulation.

### 3.6 On what grounds can licence terms offered by a collective licensing body be challenged?

Although new players are trying to enter the collective licensing market, SIAE, a public entity which for many years acted as a monopolist in such market, is still largely the market incumbent. New entrants have repeatedly reported SIAE's conduct to the national competition authorities for allegedly abusing its dominant position in the market.

Licence terms offered by collective licensing bodies are regulated by civil law and, therefore, they fall within the jurisdiction of Civil Courts.

## 4 Owners' Rights

### 4.1 What acts involving a copyright work are capable of being restricted by the rights holder?

Without prejudice to the exceptions pointed out in question 5.4, the copyright holder is exclusively entitled to financially exploit the work(s).

### 4.2 Are there any ancillary rights related to copyright, such as moral rights, and if so what do they protect, and can they be waived or assigned?

In Italy, moral rights are not considered ancillary rights.

Moral rights consist of a plurality of rights and entitlements such as the right to be recognised as the author of the work (see Article 20 ICL), the right to the integrity of the work (see Article 20 ICL) and the right to withdraw the work from the market for moral reasons (see Article 2582 ICC, Articles 142 and 143 ICL).

Even in circumstances in which exploitation rights are automatically assigned to the commissioner (see above), moral rights stay with the author(s).

Ancillary rights are set forth in Articles 72 to 102 ICL. They include:

- the rights of producers of a cinematographic or audiovisual work (Article 78-ter);
- the rights of performers (Articles 80 to 85-bis); and
- rights related to photographs (Articles 87 to 92).

The ICL regulates the contents and duration of ancillary rights.

### 4.3 Are there circumstances in which a copyright owner is unable to restrain subsequent dealings in works which have been put on the market with his consent?

Specific rules are set forth for distribution rights (see Article 17 ICL) and communication/broadcasting rights (see Article 16 ICL).

Under Article 17 ICL, the exhaustion of the distribution rights in a copyrighted work is triggered when an item in which a copyrighted work or its copy is incorporated is placed in the market with the consent of the copyright owner.

However, exhaustion is not triggered when the relevant copyright-protected works are distributed by any means that allow customers to choose where and when to access the work (e.g., downloading certain content from the digital platform provided by the distributor does not exhaust the exclusive right of the distributor in such content. Hence an individual who downloads such content cannot reproduce, copy or communicate it to the public for commercial purposes).

As for broadcasting rights, i.e., the right to communicate the work by distance communication tools, Article 16 ICL provides that the broadcaster's rights are not exhausted if the content is communicated to the public in such a way as to allow customers to choose where and when to enjoy the content.

## 5 Copyright Enforcement

### 5.1 Are there any statutory enforcement agencies and, if so, are they used by rights holders as an alternative to civil actions?

Enforcement actions can be prompted and/or carried out by SIAE, the Italian Communications Authority ("AGCOM"), as well as by public prosecutors if the copyright breach is such as to trigger criminal sanctions.

### 5.2 Other than the copyright owner, can anyone else bring a claim for infringement of the copyright in a work?

Any individual with reason to believe that authorial rights belonging to him/her have been breached can bring a judicial claim.

In other words, in addition to the copyright owner, the following will have judicial standing: the author's heirs and legatees; assignee(s); and exclusive licensees, etc. Assignees can also bring claims in relation to infringements which have occurred prior to the assignment.

SIAE may also bring judicial claims on behalf of its members.

### 5.3 Can an action be brought against 'secondary' infringers as well as primary infringers and, if so, on what basis can someone be liable for secondary infringement?

Under Article 156 ICL, the intermediaries whose services are used by the infringer to carry out a copyright breach can be held liable. In fact, the copyright holders who allege that their rights have been breached can bring an action against such intermediaries, also with an aim to prevent the continuation or repetition of a prior infringement.

Internet Services Providers ("ISPs") can also be held liable. In fact, ISPs may be held liable for copyright infringement if it is proved that they were aware of the infringing material published on the servers that they hosted, but took no action in order to remove the infringing material or to prevent access to the server at the request of the competent authority.

However, ISPs are not under any obligation to control content hosted on their servers.



#### 5.4 Are there any general or specific exceptions which can be relied upon as a defence to a claim of infringement?

Yes. Articles 65 to 71 ICL list a number of permitted uses of copyright-protected work, including the reproduction of:

- articles of current interest of economic, political or religious character (Article 65 ICL);
- speeches (or transcriptions thereof) of political or administrative interest given in public (Article 66 ICL);
- works or portions thereof used in judicial or administrative proceedings (Article 67 ICL); and
- certain works for personal use (Article 68 ICL).

Specific exceptions to the general copyright regime are set forth in relation to certain cases of reproduction of copyrighted works for non-commercial purposes (Article 70 ICL), for the use of protected works by state libraries (Article 69 ICL) and military music bands (Article 71 ICL).

#### 5.5 Are interim or permanent injunctions available?

Yes. Under Italian law, the copyright holder's rights to seek injunctive relief are broad.

In fact, the copyright holder may seek a court injunction prohibiting the infringer – or any “intermediaries” whose services have been used by the infringer to carry out the infringement – from continuing to violate the copyright.

The copyright holder can file an *ad hoc* request with the local government representative (*Prefetto*) in order to prevent works such as films, music concerts or other shows from being performed or shown, in violation of his/her rights.

The copyright holder can also seek a court injunction requiring the infringer to produce certain documents or information which may prove the infringement or the structure of the infringer's supply chain.

The copyright holder may also request interim (including *ex parte*) injunctions if the requirements set out in the civil procedure code are met.

#### 5.6 On what basis are damages or an account of profits calculated?

The copyright holder may seek damages, including for the loss of profit suffered as a consequence of the infringement (Article 158 ICL). The loss of profit is determined based on the profit that the infringer has made out of the relevant copyright violation, or by calculating the fees that the infringer should have paid to the copyright holder if the infringer had sought their authorisation.

Non-financial compensation can also be sought.

#### 5.7 What are the typical costs of infringement proceedings and how long do they take?

Certain duties must be paid when commencing litigation. The amount of such duties depends on the value of the claim and on the stage of the proceeding. Duties range from 86.00 euros (courts of first instance) to 6,744.00 euros (Supreme Court).

On average, each instance takes approximately two years and eight months.

#### 5.8 Is there a right of appeal from a first instance judgment and if so what are the grounds on which an appeal may be brought?

Yes. A party is entitled to appeal an interim injunction within 15 days as from the relevant court ruling, if this is given during a hearing, or as from its notification to the other party, whichever is earlier.

As for ordinary (i.e., non-interim) injunctions, a party can appeal the ruling of a court of first instance providing specific reasons related to, for example, the legal grounds or the logical process used by the first instance court. In any case, the appellant is not entitled to file any requests which can result in a change of the parties to the proceedings or to the material subject of the dispute. No new claims are allowed.

#### 5.9 What is the period in which an action must be commenced?

Actions must be commenced within five years as from the date of the infringement.

## 6 Criminal Offences

#### 6.1 Are there any criminal offences relating to copyright infringement?

Under certain circumstances, copyright infringements can trigger criminal sanctions.

In particular, criminal liability arises when certain economic exploitation rights, such as the rights to reproduce, distribute, elaborate, translate, etc., are breached.

The breach of an author's moral rights is also a criminal offence.

Specific rules apply in the case of duplication of computer programs and literary, dramatic, scientific, musical or multimedia works.

Certain administrative sanctions may be imposed in addition to criminal ones in certain specific cases (see Articles 172 *et seq.* ICL).

#### 6.2 What is the threshold for criminal liability and what are the potential sanctions?

As a general rule, criminal sanctions are only imposed if infringing behaviour is intentional.

In some cases, in order to be criminally liable, the infringer must have acted for commercial purposes.

Financial sanctions are up to 25,822.00 euros per infringement, and imprisonment is for a period of up to four years.

## 7 Current Developments

#### 7.1 Have there been, or are there anticipated, any significant legislative changes or case law developments?

The most significant legislative changes (already highlighted above in the relevant sections) can be summed up as follows:

- The collective licensing market has been opened up (see Legislative Decree no. 35 of 2017), which allowed a number of new-entrant players to challenge SIAE's monopoly. The

Italian Competition Authority has been assessing SIAE's conduct as critics accuse the incumbent of still behaving as a *de facto* monopolist.

- A statute has recently been passed (Law 81/2017) to protect self-employed consultants' authorial rights. In summary, the exploitation rights in their work will only automatically transfer to the commissioner *ab initio* if the creation of the work is expressly stipulated and remuneration is provided.
- In 2017, AGCOM's Regulation 680 relevant to digital copyright infringement was reaffirmed by the Regional Administrative Court of Rome (TAR Lazio); the Regulation is set to become an increasingly powerful enforcement tool.

## 7.2 Are there any particularly noteworthy issues around the application and enforcement of copyright in relation to digital content (for example, when a work is deemed to be made available to the public online, hyperlinking, etc.)?

As regards ISPs' liability for the publication of infringing digital content (see question 5.3 above), critics have pointed out that

AGCOM's enforcement powers have been stifled by the provisions of Regulation 680, which provide that the AGCOM enforcement authority can only be deployed following a request by an interested party.

Hyperlinking was recently debated in a decision of an Italian court (Court of Frosinone, 7 February 2017). The defendant operated a website containing links to other websites which offered streaming content covered by third-party copyright. The defendant was indicted for material copyright violations; however, the Court finally ruled that no criminal sanction was applicable in the absence of an intention to make a profit out of the copyright breach.

This decision seems to have aligned Italian case law with the ECJ ruling C-160/15.

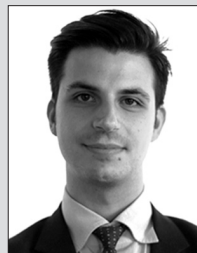


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At Paradigma – Law & Strategy, we partner up with our clients to help them weather the digital revolution. We assist domestic and international clients, both in the private and public sectors, in relation to digital re-organisations, AI, data protection, technology transfers, complex IT agreements, platform businesses, private equity and venture capital matters. In general, as technology becomes more and more pervasive, we pride ourselves on advising clients in the banking, fashion, sports, media, food, automotive, pharmaceutical and manufacturing sectors in relation to the legal issues arising out of the digitisation of their businesses.

# Japan

Anderson Mōri & Tomotsune

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## 1 Copyright Subsistence

### 1.1 What are the requirements for copyright to subsist in a work?

Copyright can subsist in a work in which thoughts or sentiments are expressed in a creative way, and which fall within the literary, scientific, artistic or musical domain.

### 1.2 On the presumption that copyright can arise in literary, artistic and musical works, are there any other works in which copyright can subsist and are there any works which are excluded from copyright protection?

Copyright can arise in novels, plays, film scripts, dissertations, lectures and other literary works; musical works; choreographic works and pantomimes; paintings, engravings, sculptures and other artistic works; architectural works; maps and diagrammatical works of a scientific nature, such as drawings, charts and models; cinematographic works; photographic works; and computer program works. Typical examples of works which are excluded from copyright protection are mere communications of facts which are not expressed in a creative way; for example, applied art which is usually mass-produced products and not categorised as fine art.

### 1.3 Is there a system for registration of copyright and if so what is the effect of registration?

Yes, there is a registration system operated by the Agency for Cultural Affairs (the ACA), and in the case of software programs, there is a registration system at the Software Information Centre (the SOFTIC). Copyright can arise in a work and be transferred without any copyright registration. However, the transfer (other than by inheritance or other general succession) of copyright or a restriction on the disposal of the copyright, and the establishment, transfer, modification or termination of a pledge on a copyright or a restriction on the disposal of a pledge established on the copyright, may not be asserted against a third party unless it has been registered.

The author of a work that is made public, anonymously or pseudonymously, may have his true name registered with respect to said work, regardless of whether he actually owns the copyright therein. The copyright holder of any work, as well as the publisher of an anonymous or pseudonymous work, may have registered said work's date of first publication or the date when the work was first made public.

Furthermore, the author of a computer program may have the date of the creation of his work registered within six months from the work's creation.

### 1.4 What is the duration of copyright protection? Does this vary depending on the type of work?

The duration of a copyright begins at the time the work is created and subsists for 50 years following the death of the author (in the case of a jointly created work, for 50 years after the death of the last surviving co-author). The duration of a copyright for a work bearing the name of a juridical person or other corporate body as its author is 50 years from either the time the work was first made public, or, if the work was not made public within 50 years following its creation, 50 years from its creation.

The duration of a copyright in a cinematographic work is either 70 years from the time the work was first made public, or, if the work was not made public within 70 years from its creation, 70 years from its creation.

### 1.5 Is there any overlap between copyright and other intellectual property rights such as design rights and database rights?

Yes. A copyrighted work can be registered as a trademark and be protected by a trademark right.

### 1.6 Are there any restrictions on the protection for copyright works which are made by an industrial process?

No, there is no restriction as long as a work meets the requirements for copyright to subsist in a work (please also see the responses to questions 1.1 and 1.2).

## 2 Ownership

### 2.1 Who is the first owner of copyright in each of the works protected (other than where questions 2.2 or 2.3 apply)?

In principle, the author who creates a work is the first owner of the copyright therein. However, there are different rules governing the authorship of a work made by an employee (please see the response to question 2.3) and authorship of a cinematographic work.

Authorship of a cinematographic work is attributed to those who, by taking charge of producing, directing, filming, art direction, etc., have creatively contributed to the creation of the cinematographic work as a whole, excluding authors of novels, play and film scripts, music or other works adapted or reproduced in such cinematographic work who hold copyright in such adapted or reproduced work.

## **2.2 Where a work is commissioned, how is ownership of the copyright determined between the author and the commissioner?**

Where a work is commissioned, the principal rule applies and the author is the first owner of the work. In practice, the commissioner obtains consent from the author for transfer of the copyright from the author and for not exercising his moral right to the commissioned work, which cannot be transferred under the law.

## **2.3 Where a work is created by an employee, how is ownership of the copyright determined between the employee and the employer?**

The authorship of a work that is made on the initiative of an employer by an employee in the course of the performance of his duties in connection with the employer's business, and (except for computer program works) is made public by the employer as a work under its own name, is attributed to the employer unless otherwise agreed in contract terms or work regulations applicable at the time that the work was created.

## **2.4 Is there a concept of joint ownership and, if so, what rules apply to dealings with a jointly owned work?**

Yes, a copyright of a work can be owned jointly. A co-holder of a copyright in a work of joint authorship or of any other co-owned copyright ("joint copyright") may not transfer or pledge his share without the consent of the other co-holder(s). A joint copyright may not be exercised without the unanimous agreement of all co-holders, although a co-holder may not, without justifiable grounds, refuse to give the consent required. Co-holders may choose one of the co-holders to exercise their joint copyright as their representative. Limitations on the authority of a person to exercise the rights as a representative may not be asserted against a third party without knowledge of such limitations.

# **3 Exploitation**

## **3.1 Are there any formalities which apply to the transfer/assignment of ownership?**

No, there are no formalities to the transfer/assignment of ownership. However, the transfer (other than by inheritance or other general succession) of ownership may not be asserted against a third party unless it has been registered (please see the response to question 1.3 above). It should be noted that, if the transferee would like to obtain (i) rights of translation, adaptation, etc. (i.e., the exclusive right to translate, arrange musically or transform, or dramatise, cinematise, or otherwise adapt his work), and (ii) a right in the exploitation of a derivative work (i.e., exclusive rights of the same types as

those possessed by the author of the derivative work), the transfer agreement must expressly refer to such rights, or it is presumed that such rights have been reserved to the transferor.

## **3.2 Are there any formalities required for a copyright licence?**

No, there are no formalities.

## **3.3 Are there any laws which limit the licence terms parties may agree (other than as addressed in questions 3.4 to 3.6)?**

No, there are not.

## **3.4 Which types of copyright work have collective licensing bodies (please name the relevant bodies)?**

Several types of copyright works have collective licensing bodies for their fields. Such bodies are generally entrusted with copyrights from their owners or undertake to manage the use of the copyrights.

- Field of music and records: the Japanese Society for Rights of Authors, Composers and Publishers (JASRAC); and the Recording Industry Association of Japan (RIAJ).
- Field of literature, including novels and scripts: the Japan Writers' Association; the Writers' Guild of Japan (WGJ); and the Japan Writers Guild (JWG).
- Reproduction of publications: the Japan Reproduction Right Center (JRRC); and Japan Publishers Copyright Organization (JCOPY).
- Field of the arts: the Japan Artists Association (JAA); and the Japanese Society for Protecting Artists' Rights (JASPAR).
- Field of photography: the Japan Photographic Copyright Association (JPCA).
- Field of performing arts: the Centre for Performers' Rights Administration (CPRA).

## **3.5 Where there are collective licensing bodies, how are they regulated?**

The Act on Copyright, etc. Management Service, enacted in 2001, regulates the collective licensing bodies. The collective licensing bodies dealing with copyrights and neighbouring rights are required to be registered, and their rules of management must be reported to the Agency for Cultural Affairs.

## **3.6 On what grounds can licence terms offered by a collective licensing body be challenged?**

The grounds to challenge the licence terms offered by a collective licensing body are basically the same as the defences that a defendant can assert in a copyright infringement action. The licence terms could be challenged on the ground that the use of the work is exempted from the Copyright Act for reasons such as private use of the work, quotations, educational use, and editorials. It is also possible to challenge the licence terms because a work is not copyrightable, the collective body is not authorised to license the work, or the calculation of the fee is not correct.



## 4 Owners' Rights

### 4.1 What acts involving a copyright work are capable of being restricted by the rights holder?

A copyright includes the following rights and the exercise of such rights is restricted by the copyright holder or the holder of any of such right: rights of reproduction; performance (right to perform the work for the purpose of making it seen or heard directly by the public); screen presentation (right to make the work publicly available by screen presentation); public transmission (right to effect a public transmission of the work including, in the case of automatic public transmission, making the work transmittable); recitation; exhibition (when a work is an artistic work or unpublished photographic work); distribution (when a work is a cinematographic work); ownership transfer; rental; translation; and adaptation of copyrighted work.

### 4.2 Are there any ancillary rights related to copyright, such as moral rights, and if so what do they protect, and can they be waived or assigned?

There are two types of ancillary rights: moral rights and neighbouring rights.

Moral rights cannot be waived or assigned. The moral rights of an author belong to the author of a work. The moral rights contain the right to make the work and derivative work thereof public, determine the indication of the author's name (i.e., determine whether it should be shown, or whether it should be his/her true name or a pseudonym), and maintain the integrity of his work and its title, without distortion, mutilation or other modification against the author's will.

A performer also has the following moral rights: the right to indicate his name; and the right to preserve the integrity of performance. In addition, a performer has the neighbouring rights to make sound or visual recordings of his performance, broadcast and to wire-broadcast his performance, make his performance transmittable, transfer ownership of his performance, and offer his performance to the public by rental. In addition, a performer has several rights to receive fees such as the right to receive secondary use fees from broadcasting organisations or wire-broadcasting organisations using commercial phonograms (the term phonogram as used herein is used and defined in the Copyright Act; it means the fixation of sounds on a material object such as a phonograph disc or recording tape) incorporating a sound recording of the performance through designated organisations.

Other than performers, producers of phonograms, broadcasting organisations and wire-broadcasting organisations also have neighbouring rights.

Producers of phonograms have rights to reproduce his phonogram, make his phonogram transmittable, transfer ownership, and rental. Broadcasting organisations have rights to reproduce the sounds or images incorporated in its broadcast, rebroadcast and wire-broadcast, and make transmittable and transmit its wire-broadcasts to the public. Wire-broadcasting organisations have rights to reproduce the sounds or images in its cablecast, broadcast and to re-cablecast its cablecast, make its cablecast available for transmission using a special instrument that enlarges images to communicate its cable television broadcast to the public, based on the receipt of its cable television broadcast transmission.

### 4.3 Are there circumstances in which a copyright owner is unable to restrain subsequent dealings in works which have been put on the market with his consent?

If an original work or a copy of a work is transferred to the public by the owner of the right to transfer, the subsequent transfer is not restrained by the same right. However, it is understood that for a cinematographic work to be presented on a screen, the owner of the right to distribute may exercise its right over the subsequent dealings even after the work has been put on the market with his/her consent.

In addition, it is generally permissible to exploit, in any way, an artistic work, the original copy of which is permanently installed in an outdoor location or an architectural work.

## 5 Copyright Enforcement

### 5.1 Are there any statutory enforcement agencies and, if so, are they used by rights holders as an alternative to civil actions?

No. Any dispute is expected to be settled through normal civil actions.

### 5.2 Other than the copyright owner, can anyone else bring a claim for infringement of the copyright in a work?

An author can bring a claim for infringement based on his moral rights even after the author transfers his copyright in his work.

Collective licensing bodies, which do not own the copyright but are authorised by the copyright owner to do so, may also bring a claim.

### 5.3 Can an action be brought against 'secondary' infringers as well as primary infringers and, if so, on what basis can someone be liable for secondary infringement?

Yes. A person who commits one of the following actions is deemed to commit infringement on the moral rights of the author, copyrights, moral rights of the performer or neighbouring rights, and can be liable under the Copyright Act:

- importing, for the purpose of distribution in the country, objects made by an act which would have constituted an infringement on the moral rights of its author, copyrights, rights of publication, moral rights of performers or neighbouring rights if performed in the country;
- distributing, possessing for the purpose of distributing, or exporting as a business or possessing for the purpose of exporting as a business, objects made by infringing the moral rights of an author, copyrights, rights of publication, moral rights of performers or neighbouring rights, by a person who is aware of such infringement;
- using on a computer in the course of one's business a reproduction made by infringement of the copyright of a computer program work, to the extent that the person using the reproduction was aware of the infringement at the time that he acquired authority to use the reproduction; and
- intentionally adding false information as rights management information; intentionally removing or altering rights management information; distributing, importing or possessing for the purpose of distributing, a reproduction of

a work or performance with false information intentionally added as rights management information, removed or modified rights management information, and publicly transmitting or making transmittable such work or performance, etc., with knowledge of the infringement.

#### 5.4 Are there any general or specific exceptions which can be relied upon as a defence to a claim of infringement?

As a defence to a claim of infringement, the defendant may argue that his/her act does not fall into the category of infringement because it lacks the dependence on the copyrighted work (it is understood that infringing work is required to be created with dependence on the infringed work to be found an “infringing work”) or substantial similarity to the copyrighted work (it is understood that infringing work is required to be substantially similar to the copyrighted work to be found an “infringing work”). If those two requirements are not met, the work of the defendant does not infringe the copyright.

In addition, if the act of the defendant falls under any of the following categories, it is exempt under the Copyright Act:

- reproduction of a work for private use;
- reproduction of a work in libraries;
- quotation from a work already made public in a fair manner within the extent justified by the purpose of the quotation;
- reproduction in school textbooks, schools and other educational institutions;
- reproduction or public transmission for examinations of knowledge or skills;
- reproduction or public transmission for those with disabilities;
- reproduction of editorials in newspapers and/or magazines in relation to current topics; and
- reproduction for judicial proceedings.

#### 5.5 Are interim or permanent injunctions available?

Yes. Both interim and permanent injunctions are available for copyright infringement. An author, copyright holder, holder of the right of publication, performer, or holder of neighbouring rights may demand cessation of an infringement of moral rights, copyright, right of publication, or neighbouring rights of persons infringing or presenting a risk of infringing. When applying for such injunction, the author, the copyright holder, the holder of the right of publication, the performer or the holder of the neighbouring rights may also demand measures necessary to effect the cessation or prevention of the infringement, such as the destruction of objects constituting the acts of infringement, objects made by acts of infringement, and/or machines and tools used exclusively for acts of infringement. It is not necessary that the infringement be intentional or due to negligence to seek an injunction.

#### 5.6 On what basis are damages or an account of profits calculated?

Under the general tort theory, the owner of a copyright, etc. may seek damages that have a reasonable causal relationship with the infringing acts. In addition, the Copyright Act provides three methods to calculate the amount of damages in light of the difficulty of proving the actual damages that the owner incurred:

- profits obtained by the infringer;
- lost profits of the owner of the copyright, etc., the amount of which is calculated by multiplying the number of

objects so transferred or the number of copies of the work or performance, etc. that have been made as a result of the public's receipt of that transmission, by the amount of profit per unit from objects (including copies transmitted and received) that the owner of the copyright, etc. could have sold if there had been no act of infringement; or

- the reasonable royalty (i.e., the amount of money that the owner of the rights should have received in connection with the exercise of the copyright or neighbouring right).

#### 5.7 What are the typical costs of infringement proceedings and how long do they take?

The costs of judicial proceedings for an interim injunction are usually about JPY1 million to JPY5 million (including legal fees depending on counsel and case, and JPY2,000 for a filing fee), and for an action on the merits to seek damages and a permanent injunction are about JPY2 million to JPY10 million (including legal fees depending on counsel and case, and a filing fee). (The filing fee for an action on the merits depends on the amount claimed and the market size of the products subject to injunction.) Please note that filing fees are not recoverable, and legal fees are not fully recoverable by the prevailing party.

The amount of time from filing a case to a first instance decision depends on the case. It may take a few years. However, it usually takes from one to one-and-a-half years. If the case is appealed, it may take another one to two years. The time taken to obtain a preliminary injunction varies depending on the case, but it usually takes several months.

#### 5.8 Is there a right of appeal from a first instance judgment and if so what are the grounds on which an appeal may be brought?

Yes. The party dissatisfied with the first instance judgment has a right to appeal. Appeals from a copyright-related judgment of a district court shall be made to the Intellectual Property High Court for civil cases over which the Tokyo High Court has jurisdiction or to other high courts for criminal cases and civil cases except ones with which the Intellectual Property High Court deals.

#### 5.9 What is the period in which an action must be commenced?

An action for compensation in accordance with the Civil Code must be sought within the earlier of three years of both the infringement and the infringer becoming known, or 20 years of the infringement (whether known or not). An injunction cannot be sought after the act of infringement ends.

## 6 Criminal Offences

#### 6.1 Are there any criminal offences relating to copyright infringement?

Yes. Intentional infringement can be a criminal offence (please see the response to question 6.2).

#### 6.2 What is the threshold for criminal liability and what are the potential sanctions?

The Copyright Act includes several provisions concerning criminal liability, as shown below:

- A person who infringes copyright, right of publication or neighbouring rights (excluding some exemptions provided in the Copyright Act) is subject to imprisonment with labour for up to 10 years, a fine of up to JPY10 million, or both.
- A person who infringes an author's or performer's moral rights, or who, for profit-making purposes, causes a machine to reproduce copyrighted works or performances which constitute infringements or who commits an act deemed to constitute copyright infringement under the Copyright Act is subject to imprisonment with labour for up to five years, a fine of up to JPY5 million, or both.
- A person who infringes an author's or performer's moral rights after the author's or performer's death is subject to a fine of up to JPY5 million.
- A person who transfers or rents to the public, who manufactures, imports, or possesses for the purpose of transferring or renting to the public; or who offers for public use a device, the principal function of which is to circumvent technological protection measures or copies of a computer program, the principal function of which is to circumvent technological protection measures; or a person that transmits to the public or makes available for transmission such a computer program is subject to imprisonment with labour for up to three years, a fine of up to JPY3 million, or both.

## 7 Current Developments

### 7.1 Have there been, or are there anticipated, any significant legislative changes or case law developments?

There is an anticipated legislative change in 2019. As a result of this change, the exempt categories (please see the response to question

5.4) will be expanded in order to accommodate the needs of the market. The expansion is intended to eliminate the need to obtain the consent of the rights holder or author for uses of works that do not affect content market, such as services using big data (for example, a service to search book information which provides a partial view of a book's text, or an information analysis service which detects plagiarism will be possible without infringing copyrights). Also, there are updates concerning public transmission for educational use, use by disabled people, and archival use, which allow flexible use of works.

### 7.2 Are there any particularly noteworthy issues around the application and enforcement of copyright in relation to digital content (for example, when a work is deemed to be made available to the public online, hyperlinking, etc.)?

The Copyright Act has been updated to cover matters in relation to newly invented technologies. For example, it now covers computer programs as a copyrightable work and the right of automatic public transmission in addition to typical broadcasting. Furthermore, the Act has included the right of making information transmittable, which captures activities on the Internet, as one of the copyright owner's rights.

In these last few years, publication rights have expanded to include digital publications and wire transfers via the Internet. Also, a person who has downloaded digital files which infringe the copyrights of musical or visual works while knowing of the infringement can be found criminally liable.

In addition, the latest amendment to the Copyright Act described in question 7.1 is designed to facilitate the use of works in developing digital networks.

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Masayuki Yamanouchi has a Master's degree in science and is an attorney-at-law. Since becoming an attorney, he has engaged in a number of patent infringement lawsuits and other IP-related matters. His main focus is on the pharmaceutical industry, but he has also handled other technology fields, such as agrichemical, semiconductor, liquid crystal display, printing, 3D printing, telecommunication technology, and gaming, in patent infringement actions as well as licensing negotiations, joint development projects, and technology transfer projects. Masayuki Yamanouchi also has expertise and experience in other forms of intellectual property including trademarks, copyrights, and trade secrets. In addition, with his experience in the U.S. (both in law school and at a law firm focusing on patent matters), he also provides advice to clients involved in patent lawsuits in Japan.

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## ANDERSON MŌRI & TOMOTSUNE

As one of the largest and most diverse law firms in Japan, Anderson Mōri & Tomotsune boasts a staff of more than 400 attorneys. The firm's Intellectual Property Practice Group comprises attorneys-at-law (*bengoshi*) with extensive experience in the handling of know-how, trademark, copyright, and entertainment disputes and IP transactions. The group also includes patent attorneys (*benrishi*) specialising in the filing of patents, utility models, designs and trademarks. The synergy and proficiency of this team of accomplished legal experts is the reason why Anderson Mōri & Tomotsune's Intellectual Property Practice Group is, and continues to be, one of the top legal professional practices in the area of intellectual property in Japan.



# Korea

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## 1 Copyright Subsistence

### 1.1 What are the requirements for copyright to subsist in a work?

Copyright subsists in creative work expressing human thoughts and emotions. Unlike the United States, it is not necessary for the work to be fixed in a tangible medium. In Korea, copyright automatically attaches once the work exists without formal registration. Only expressive work is protected under copyright, and ideas are not protected under the doctrine of separation of idea and expression. In order to be copyrightable, the work must express the author's original thoughts and emotions and not copy another's work.

### 1.2 On the presumption that copyright can arise in literary, artistic and musical works, are there any other works in which copyright can subsist and are there any works which are excluded from copyright protection?

Under the Copyright Act of Korea, copyright subsists in any creative work expressing human thought and emotion. The Copyright Act lists the following nine types as indicative examples: literary work; musical work; performance work; artistic work; architectural work; photographic work; cinematographic work; graphic work; and computer programs.

Article 7 of the Copyright Act lists the following items as works excluded from copyright protection:

- (i) constitution, acts, treaties, decrees, and municipal ordinances and rules;
- (ii) bulletins, public notifications, directives and others similar thereto which are issued by the central or local government;
- (iii) judgments, decisions, orders, or adjudications of courts, as well as rulings and decisions made by the administrative appeals procedures, or other similar procedures;
- (iv) compilations or translations of works as referred to in subparagraphs (i) through (iii) which are produced by the central or local government; and
- (v) current news reporting which delivers simple facts.

Recently, a court decision was rendered on whether pornography is afforded copyright protection. The court held that "Copyright protects work in the domain of literature, academia and the arts regardless of whether the work is ethical or not. Therefore, any such work is subject to copyright protection even if the content thereof is unethical or illegal".

### 1.3 Is there a system for registration of copyright and if so what is the effect of registration?

Although registration is not required for copyright to subsist or become effective in Korea, there is a system for registration.

In order to register a copyright, an application to the Korea Copyright Commission can be made by submitting the requisite form, online or offline. The registration fee is KRW33,600 (for offline registration) and KRW23,600 (for online registration).

The effect of registration is that it gives rise to the legal presumption that the author identified in the registration is the copyright owner of the work. Further, if the date of creation or date of initial publication is registered, such date is legally presumed as the actual date of creation or initial publication. Once copyright is registered, the person who infringes such copyright is deemed liable for the infringement. In order to claim the statutory compensation for damages, copyright must have been registered prior to the date of infringement.

On a separate note, assignment of, or limitations on disposal of, copyright and the establishment, transfer, termination, or limitation of disposal of, a pledge over copyright cannot be perfected without registration.

### 1.4 What is the duration of copyright protection? Does this vary depending on the type of work?

In principle, copyright lasts for the life of the author plus 70 years. Copyright in cinematographic work or in work originating from employment lasts for 70 years from the date of publication.

### 1.5 Is there any overlap between copyright and other intellectual property rights such as design rights and database rights?

#### Design:

Under the Design Protection Act of Korea, "design" refers to aesthetic value derived from visual effects of form, shape, colour or the combination thereof. It is possible for a work to be subject to protection as both copyright and design.

#### Other:

Under the Copyright Act of Korea, the creator of a database is granted protection by a right similar to copyright (right of copy, distribution, broadcasting or transmission of the database).

### 1.6 Are there any restrictions on the protection for copyright works which are made by an industrial process?

Whether a work created by an industrial process can be subject to copyright protection will be determined based on whether such work is a creative work expressing human thought and emotion. In general, it will be difficult for a work created by an industrial process to be deemed copyrightable.

## 2 Ownership

### 2.1 Who is the first owner of copyright in each of the works protected (other than where questions 2.2 or 2.3 apply)?

In principle, the author of the work is the first owner of the copyright. “Author” means a person who has contributed to the creative expression of the work. Merely providing ideas, hints or topics does not qualify as an author of a copyrightable work.

### 2.2 Where a work is commissioned, how is ownership of the copyright determined between the author and the commissioner?

One cannot become the owner of copyright because one ordered or commissioned the work. The criterion is whether a person has actually contributed to the creative expression of the work. With the exception of “work for hire” set forth in question 2.3 below, the commissioner of work is not entitled to become the copyright owner.

### 2.3 Where a work is created by an employee, how is ownership of the copyright determined between the employee and the employer?

Under the Copyright Act, any “work for hire” conducted during a person’s employment and published in the name of the employer shall be deemed to have been authored by the employer, unless otherwise stipulated in the employee’s employment contract or the internal regulations of the employer.

### 2.4 Is there a concept of joint ownership and, if so, what rules apply to dealings with a jointly owned work?

Joint ownership of copyright is formed when two or more persons have jointly created the copyright work and it is not possible to separately use the portion of such work attributable to each person. Copyright of jointly created work can only be exercised upon unanimous consent of all joint copyright owners. Assignment or pledge of the respective right of one joint copyright owner cannot be made without the consent of the other copyright owners.

## 3 Exploitation

### 3.1 Are there any formalities which apply to the transfer/assignment of ownership?

There are no formalities required when transferring or assigning copyright. However, if the transfer or assignment is not registered,

perfection of such transfer/assignment is not achieved. For example, if A were to assign his copyright to B and A later assigns the same copyright to C, B cannot claim against C that B is the valid assignee of such copyright unless B had previously registered such assignment of copyright.

### 3.2 Are there any formalities required for a copyright licence?

There are no formalities required for a copyright licence.

### 3.3 Are there any laws which limit the licence terms parties may agree (other than as addressed in questions 3.4 to 3.6)?

There are no laws specifically limiting copyright licence terms. Nonetheless, with respect to commercial recordings, once three years from the initial sale of a recording has passed, a third party may produce a different commercial recording based on the original recording upon consultation with the copyright owner of the recording. If the parties fail to reach an agreement upon consultation, the third party may produce such commercial recording by obtaining the approval of the Minister of Culture, Sports and Tourism and paying a certain compensation amount to the copyright owner or depositing such amount in escrow.

### 3.4 Which types of copyright work have collective licensing bodies (please name the relevant bodies)?

The following organisations are the licensing bodies for the main areas of copyright:

#### Musical work:

Korea Music Copyright Association	Rights of musical authors.
The Korean Society of Composers, Authors and Publishers	Rights of musical authors.
Federation of Korean Music Performers	Rights of music performers such as singers and musicians.
Recording Industry Association of Korea	Rights of recording producers.

#### Literary work:

Korea TV & Radio Writers Association	Rights of writers for television and radio.
Korean Society of Authors	Rights of copyright owners of literary work, plays, art and photographs.
Korea Scenario Writers Association	Rights of film scenario writers.
Korea Reproduction and Transmission Rights Association	Reproduction and transmission rights of literary work.

#### Cinematic work:

Korean Film Producers Association	Rights of film producers.
The Movie Distributors Association of Korea	Rights of film producers.

#### Broadcast work:

Korea Broadcasting Performers’ Rights Association	Rights of broadcasting performers such as actors or voice artists.
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**News:**

Korea Press Foundation	Rights of news authors.
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**Public:**

Korea Information Cultural Centre	Rights of public copyrights.
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**3.5 Where there are collective licensing bodies, how are they regulated?**

In order to conduct collective copyright licensing business, approval from the Minister of Culture, Sports and Tourism is required. The percentage and amount of fees paid to collective licensing bodies by copyright owners or licensees are also subject to the approval of the Minister of Culture, Sports and Tourism.

**3.6 On what grounds can licence terms offered by a collective licensing body be challenged?**

The licence terms of collective licensing bodies are subject to the supervision and approval of the Minister of Culture, Sports and Tourism. Accordingly, there are hardly any challenges to the licence terms.

**4 Owners' Rights****4.1 What acts involving a copyright work are capable of being restricted by the rights holder?**

The copyright owner holds the following rights: the right to reproduce his/her work; the right to perform his/her work publicly; the right to transmit his/her work in public; the right to exhibit the original or copy of his/her work of art, etc.; the right to distribute the original or copy of his/her work; the right to authorise the commercial rental of phonograms made public; and the right to produce and use a derivative work based on his/her original work.

**4.2 Are there any ancillary rights related to copyright, such as moral rights, and if so what do they protect, and can they be waived or assigned?**

The author of a copyrightable work has moral rights in addition to copyright. Moral rights include the right to decide whether or not to make his/her work public, the right to indicate his/her real name or pseudonym on the original or copy of his/her work, or on the medium of publication by which his/her work is made public, and the right to maintain the integrity of the content, form and title of his/her work. The author's moral rights shall belong exclusively to the author. Accordingly, moral rights cannot be assigned or inherited. Whether or not moral rights can be waived is controversial.

**4.3 Are there circumstances in which a copyright owner is unable to restrain subsequent dealings in works which have been put on the market with his consent?**

Once the original or copies of the copyright work become subject to a transaction (such as sale or otherwise), the copyright owner does not have distribution rights as to subsequent transactions regarding the work in accordance with the doctrine of exhaustion of rights. The reference to "originals or copies" above is limited to tangible

products and does not include online copies. Accordingly, the doctrine of exhaustion of rights does not apply to online copies (for example, music files).

**5 Copyright Enforcement****5.1 Are there any statutory enforcement agencies and, if so, are they used by rights holders as an alternative to civil actions?**

The copyright owner may benefit from the following enforcement regimes:

The Ministry of Culture, Sports and Tourism has a special police force dedicated to law enforcement of copyright infringement.

Also, the Ministry of Culture, Sports and Tourism can take the following measures against online service providers for distribution of illegal copies, after review by the Copyright Protection Deliberation Board:

- (i) warning against the copier/distributor of illegal copies; and/or
- (ii) order deletion or suspension of distribution of illegal copies.

The Korea Copyright Protection Agency can take the following corrective advisory measures against an online service provider upon discovery of distribution of illegal copies on the network of the online service provider, after review by the Deliberation Board:

- (i) warning against the copier/distributor of the illegal copies;
- (ii) deletion of illegal copies or suspension of distribution of illegal copies; and/or
- (iii) suspend the account of the copier/distributor who has repeatedly distributed the illegal copies.

**5.2 Other than the copyright owner, can anyone else bring a claim for infringement of the copyright in a work?**

An exclusive licensee may also bring civil or criminal suits against infringers of copyright. The collective licensing body may also bring an independent suit against copyright infringement.

**5.3 Can an action be brought against 'secondary' infringers as well as primary infringers and, if so, on what basis can someone be liable for secondary infringement?**

Anyone who is indirectly involved in copyright infringement ("secondary infringers") is deemed to have aided and abetted copyright infringement. For example, an online service provider who overlooked the circulation of illegal copies will be deemed to have aided and abetted copyright infringement.

**5.4 Are there any general or specific exceptions which can be relied upon as a defence to a claim of infringement?**

The general doctrine of "fair use" is a defence often used in copyright infringement claims. To determine whether "fair use" applies, the following will be considered:

- (i) purpose and character of use (such as whether the use is or is not for non-profit);
- (ii) type and nature of the copyright work;
- (iii) amount and substantiality of portion used in relation to the entirety of the work; and

- (iv) effect of the use of work on the current or potential market for, or value of, the work.

There are also limits on the scope of copyright protection. For example, copyrighted public work can be used without the consent of the copyright owner.

#### **5.5 Are interim or permanent injunctions available?**

Preliminary injunctions ordering temporary cessation of copyright infringement are available. Permanent injunctions are also available.

#### **5.6 On what basis are damages or an account of profits calculated?**

If the copyright infringer gains profit from such infringement, damages shall be based on the amount of such profit. It is also possible for the copyright owner to claim damages based on the value typically realised upon exercise of the copyright. Instead of claiming damages in the above manner, it is possible to claim damages in a fixed amount – in general, a maximum of KRW10,000,000 per copyright being infringed and in the case of intentional infringement for financial gain, a maximum of KRW50,000,000.

#### **5.7 What are the typical costs of infringement proceedings and how long do they take?**

At the initial trial level, a copyright infringement case will take approximately six to eight months. A preliminary injunction will take approximately one to two months. The typical costs mainly consist of attorney costs, and such costs differ based on the complexity and the nature of the case and the attorneys involved.

#### **5.8 Is there a right of appeal from a first instance judgment and if so what are the grounds on which an appeal may be brought?**

The trial court judgment can be appealed in the appellate court. At the appellate level, the trial court judgment may be reversed based on error in factual or legal determinations. The appellate court judgment can be appealed in the Supreme Court.

#### **5.9 What is the period in which an action must be commenced?**

A claim for damages must be brought within three years from learning of the infringement. A claim for suspension or elimination of infringement can be made at any time as long as the infringement exists.

## **6 Criminal Offences**

### **6.1 Are there any criminal offences relating to copyright infringement?**

Copyright infringement is a criminal offence. A copyright infringer who has copied, performed, transmitted, exhibited, distributed, leased or authored a derivative work shall be subject to imprisonment of not more than five years and/or a penalty of not more than KRW50,000,000. An infringer of the author's moral rights or the performer's moral rights who prejudices the honour or reputation of the author or the performer shall be subject to imprisonment of not more than three years and/or penalty of not more than KRW30,000,000.

### **6.2 What is the threshold for criminal liability and what are the potential sanctions?**

The criminal prosecution of copyright infringers is commenced when the copyright owner files charges. However, if the copyright infringer is a repeat offender or intends financial gain, criminal prosecution can commence even without any charges filed by the copyright owner.

## **7 Current Developments**

### **7.1 Have there been, or are there anticipated, any significant legislative changes or case law developments?**

There have been discussions that the existing copyright legislation should be reformed to keep up with the fast pace of changes in digital technology. There have been reports that the government is expected to prepare legislative reform.

### **7.2 Are there any particularly noteworthy issues around the application and enforcement of copyright in relation to digital content (for example, when a work is deemed to be made available to the public online, hyperlinking, etc.)?**

A recent issue is whether online service providers who overlooked hyperlinks should be deemed to be indirect copyright infringers. In 2014, the Supreme Court held that an online service provider which overlooked hyperlinks of websites containing illegal copies of copyrighted work on its online bulletin boards shall not be deemed a copyright infringer. The rationale was that hyperlinks are merely the address of a website. This Supreme Court decision, however, has been criticised profusely by academics and contradictory lower court decisions have been rendered.



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# Malaysia

Seow & Associates

Cheong Shih Wen



Joel Prashant



## 1 Copyright Subsistence

### 1.1 What are the requirements for copyright to subsist in a work?

In Malaysia, copyright subsists by virtue of the Copyright Act 1987 (“Act”) and copyright protection is accorded without any requirement of registration, deposit or otherwise. Under the Act, copyright will subsist in a work if it: (a) is original; (b) is reduced to material form; (c) belongs to one of the categories of protected works; and (d) complies with the qualifications for copyright. If these requirements are met, a work is protected regardless of the quality and purpose for which it was created. Hence, copyright may subsist in a work by reference to: (i) the status of the author; (ii) the publication of the work; or (iii) the making of the work. Copyright may also subsist in works made by or under the direction or control of the Malaysian Government and prescribed international organisations.

Originality in copyright means that the work must have originated from the author and some effort must have gone into the creation of the work. A literary, musical or artistic work requires originality and reduction of the work into material form for it to be eligible for copyright. However, such requirements do not apply to published editions, sound recordings, films or broadcasts.

Special rules apply to works of architecture and broadcasts. Copyright shall subsist in a work of architecture when it is erected in Malaysia, or any other artistic work incorporated in a building located in Malaysia, or a broadcast transmitted from Malaysia.

#### *Qualified Person*

Copyright will vest in a work if the author, or in the case of joint authorship, one of them, is a qualified person at the time of the making of the work. The Act defines “qualified person” in relation to an individual as a person who is a citizen or permanent resident of Malaysia, and in relation to a body corporate, a body established in Malaysia and constituted or vested with a legal personality under the laws of Malaysia. By virtue of Malaysia’s accession to the Berne Convention in 1990, a qualified person in relation to a literary, musical or artistic work or a film also includes a citizen or a body corporate of a country which is a member of the Berne Convention.

#### *Publication of the Work*

Copyright shall also subsist in every work which is eligible for copyright and, being a literary, musical or artistic work or film or sound recording, is first published in Malaysia, i.e. made available to the public. A work is also deemed to be first published in Malaysia if it was first published elsewhere but subsequently

published in Malaysia within 30 days of that first publication. By virtue of the Berne Convention, a Berne Union country is obliged to grant the same copyright protection to the nationals or residents of other Berne Union countries that it accords to its own citizens. A Malaysian author’s work, whether or not published, is thus protected in other Berne Union countries. All literary, musical or artistic works and films first published in any of the Berne Union countries are also entitled to copyright protection in Malaysia, irrespective of whether they are published in Malaysia itself. Similarly, such works first published elsewhere in non-Berne Union countries but subsequently published in any of the Berne Union countries within 30 days of their first publication would be entitled to copyright in other Berne Union countries including Malaysia.

### 1.2 On the presumption that copyright can arise in literary, artistic and musical works, are there any other works in which copyright can subsist and are there any works which are excluded from copyright protection?

Other works that copyright can also subsist in include films, sound recordings, works of architecture, artistic works incorporated within a building, broadcasts, derivative works and published editions.

Copyright protection shall not extend to any idea, procedure, method of operation or mathematical concept. Copyright shall also not subsist in any design which is registered under any written law relating to industrial design.

### 1.3 Is there a system for registration of copyright and if so what is the effect of registration?

There is no system for registration of copyright in Malaysia. The Copyright (Amendment) Act 2012 introduced Sections 26A, 26B and 26C into the Act and these provisions (together with the Copyright (Voluntary Notification) Regulations 2012) established a new framework for the voluntary notification of copyright into Malaysian copyright law (“Voluntary Notification”).

Voluntary Notification is made by filing: (i) the prescribed forms; (ii) a statutory declaration; and (iii) a copy of the work, with the Controller of Copyright (the Intellectual Property Office of Malaysia) (“Controller”). The Voluntary Notification must be accompanied by payment of the prescribed fees and may be undertaken by: (i) the author of the work; (ii) the owner of the copyright; (iii) an assignee of the copyright; (iv) a licensee of an interest in the copyright; or (v) a person acting on behalf of any of the persons referred to in items (i) to (iv).

While the Voluntary Notification regime does not derogate from the requirement of non-formality for the enjoyment and exercise of copyright protection under the Berne Convention, copyright owners can use Voluntary Notification as *prima facie* proof of ownership over their creative works. However, such *prima facie* proof of ownership can be challenged in court as decided in *Syarikat Faiza Sdn Bhd & Anor v Faiz Rice Sdn Bhd & Anor and another suit [2017] MLJU 1595* mentioned in question 7.1 below.

#### 1.4 What is the duration of copyright protection? Does this vary depending on the type of work?

The term of copyright protection varies, depending on factors such as the precise nature of the material in which copyright subsists, the owner's identity, i.e. Governmental or international organisations, whether jointly authored, and whether the work was anonymous or pseudonymous. The following table sets out the category of work and the duration of copyright:

Category of Work	Duration of Copyright
Published literary, musical or artistic works where the author is known	Copyright shall subsist during the life of the author and shall continue to subsist until the expiry of a period of 50 years after his death. Where the work is undertaken by joint authors, a reference to "author" shall, in such case, be construed as a reference to the author who dies last.
Unpublished literary, musical or artistic works where the author is known	Where such work had not been published before the death of the author, the copyright which subsists in such work shall continue to subsist until the expiry of a period of 50 years computed from the beginning of the calendar year next following the year in which the work was first published.
Literary, musical or artistic works where the author is not known	Where the work is published anonymously or under a pseudonym, the copyright which subsists in such work shall continue to subsist until the expiry of a period of 50 years computed from the beginning of the calendar year next following the year in which the work was first published or first made available to the public or made, whichever is the latest.
Published editions	50 years from the beginning of the calendar year following the year that the edition was first published.
Sound recordings	50 years computed from the beginning of the calendar year next following the year in which the recording was first published or, if the sound recording has not been published, from the beginning of the calendar year following the year of fixation.
Broadcasts	50 years computed from the beginning of the calendar year next following the year in which the broadcast was first made.
Films	50 years computed from the beginning of the calendar year next following the year in which the film was first published.
Works of Government, Government organisations and international bodies	50 years computed from the beginning of the calendar year next following the year in which the work was first published.

Category of Work	Duration of Copyright
Performers' rights	50 years computed from the beginning of the calendar year next following the year in which the performance was given or was fixed in a sound recording.

#### 1.5 Is there any overlap between copyright and other intellectual property rights such as design rights and database rights?

In Malaysia, the protection of industrial designs is governed by the Industrial Designs Act 1996 and the Industrial Designs Regulations 1999 ("ID Act"). When the ID Act came into force in 1999, amendments were made to the Act which substantially reduced the application of copyright law to designs and, in particular, the making of three-dimensional articles.

The Act specifically provides that copyright shall not subsist in any design which is registered under any written law relating to industrial design.

Under Malaysian legislation and case law, there is no definition as to what a "database" or "database right" constitutes, nor is there any specific case law which addresses the extent of protection afforded to databases. A database may, however, fall under the definition of "literary work" under Section 3 of the Act, which includes in particular "tables or compilations, whether or not expressed in words, figures or symbols and whether or not in a visible form". Additionally, databases also appear to fall under the banner of "derivative works" under Section 8 of the Act. In respect of databases, derivative works include "collections of works eligible for copyright, or compilation of mere data whether in machine readable or other form, which constitute intellectual creation by reason of the selection and arrangement of their contents". Furthermore, derivative works enjoy copyright protection as original works under Section 8 of the Act. However, the protection of such derivative works is without prejudice to any protection of any existing work used.

The protection under Section 8 of the Act arises from the selection or arrangement of the contents that would constitute an intellectual creation, instead of the expenditure of investment towards obtaining, verifying and presenting the contents of the database. While there is no express protection against the "extraction" or "re-utilization" of a substantial part of the contents of a database as defined above, Section 13(1) of the Act protects databases and their owners in respect of providing the owners with the exclusive right to control:

- (a) the reproduction in any material form;
- (aa) the communication to the public;
- (b) the performance, showing or playing to the public;
- (c) the distribution of copies to the public by sale or other transfer of ownership; and
- (f) the commercial rental to the public,

of the whole database or a substantial part thereof, either in its original or derivative form.

#### 1.6 Are there any restrictions on the protection for copyright works which are made by an industrial process?

Section 13A(1) of the Act provides that it shall not be an infringement of any copyright in a design document or model recording or

embodying a design for anything other than an artistic work or a typeface to make an article to the design, or to copy or to reproduce an article made to the design. “Design” means the design of any aspect of the shape or configuration (whether internal or external) of the whole or part of an article, other than surface decoration; and “design document” means any record of a design, whether in the form of a drawing, a written description, a photograph, data stored in a computer or otherwise.

For Section 13A to apply, the design must be “for” something, meaning that the design as embodied in the design document or model must have been created as a step towards or a part of the process for the subsequent production of another article. Section 13A is restricted to the three-dimensional reproduction of a design, and thus any copying of the two-dimensional design document itself may still be considered as an infringement of copyright.

Pursuant to Section 13B, once the copyright owner has made, by an industrial process or means, articles that are copies of the work, and marketed such articles in Malaysia or elsewhere, the copyright owner is entitled to copyright protection of 25 years from the end of the calendar year in which such articles are first marketed.

It should also be noted that “artistic work” no longer includes a layout-design within the meaning of the Layout-Designs of Integrated Circuits Act 2000 by virtue of the Copyright (Amendment) Act 1996 and the Copyright (Amendment) Act 2000. A three-dimensional work is no longer deemed to be an “artistic work”, although it remains an infringement of copyright to make a three-dimensional object from a two-dimensional artistic work and *vice versa*.

## 2 Ownership

### 2.1 Who is the first owner of copyright in each of the works protected (other than where questions 2.2 or 2.3 apply)?

Copyright shall vest initially in the author.

### 2.2 Where a work is commissioned, how is ownership of the copyright determined between the author and the commissioner?

Where a work is commissioned by a person who is not the author’s employer under a contract of service or apprenticeship, the copyright shall be deemed to be transferred to the person who commissioned the work or the author’s employer, subject to any agreement between the parties excluding or limiting such transfer. The term “commission” has recently been defined in *Motordata Research Consortium Sdn Bhd v Ahmad Shahril bin Abdullah & Ors* [2017] MLJU 1187 mentioned in question 7.1 below.

### 2.3 Where a work is created by an employee, how is ownership of the copyright determined between the employee and the employer?

Where a work is made in the course of the author’s employment, the copyright shall be deemed to be transferred to the person who commissioned the work or the author’s employer, subject to any agreement between the parties excluding or limiting such transfer. Whether or not a person is deemed to be an employee depends on whether the individual was employed under a contract of service and if the work was part of the regular or special duties of the employee. It would be sufficient to show that a substantial part of the work was made whilst the author was still in employment.

### 2.4 Is there a concept of joint ownership and, if so, what rules apply to dealings with a jointly owned work?

A work of joint ownership under the Act means “a work produced by the collaboration of two or more authors in which the contribution of each author is not separable from the contribution of the other author(s)”. Whether a person is deemed to be a joint owner is a question of fact to be satisfied based on the facts and circumstances of the case, and it is imperative to consider the degree of skill and labour each person claiming authorship plays in relation to the final work.

Joint authors are tenants in common rather than joint tenants, and each joint author shares the copyright equally in the absence of any agreement to the contrary. Section 27(4) of the Act further provides that “an assignment or licence granted by one copyright owner shall have effect as if the assignment or licence is also granted by his co-owner or co-owners, and subject to any agreement between the co-owners, fees received by any of the owners shall be divided equally between all the co-owners”. As such, the terms of the assignment will determine whether assignees hold as joint tenants or tenants in common, and also their respective proportions where the latter applies.

Although the reproduction of work requires consent from all co-owners, a co-owner may sue for infringement without the other co-owners, but such co-owner may only recover his share of the damages.

## 3 Exploitation

### 3.1 Are there any formalities which apply to the transfer/assignment of ownership?

Copyright is transferable by assignment, testamentary disposition, or by operation of law, as movable property. An assignment or testamentary disposition of copyright may be limited so as to apply only to some of the acts which the owner of the copyright has the exclusive right to control, or to only part of the period of the copyright, or to a specified country or other geographical area. For an assignment or licence to have effect, it must be in writing. An assignment or licence granted by one copyright owner shall have effect as if the assignment or licence is also granted by his co-owner(s) (if they share a joint interest in the copyright or any part thereof), and subject to any agreement between the co-owner(s), fees received by any of the owners shall be divided equally between all the co-owner(s). An assignment, licence or testamentary disposition may be effectively granted or made in respect of a future work, or an existing work in which copyright does not yet subsist, and the future copyright in any such work shall be transferable by operation of law as movable property.

Where under a testamentary disposition, whether specific or general, a person is entitled beneficially or otherwise to the manuscript of a literary, musical, or artistic work, and if the work has not been published before the death of the testator, the testamentary disposition shall, unless a contrary intention is indicated in the testator’s will or a codicil thereto, be construed as including the copyright in the work in so far as the testator was the owner of the copyright immediately before his death.

### 3.2 Are there any formalities required for a copyright licence?

The copyright licence must be in writing.



### 3.3 Are there any laws which limit the licence terms parties may agree (other than as addressed in questions 3.4 to 3.6)?

No such laws have been enacted in Malaysia.

### 3.4 Which types of copyright work have collective licensing bodies (please name the relevant bodies)?

Music Rights Malaysia Berhad is the sole licensing body designed by the Controller and the Ministry of Domestic Trade, Cooperative and Consumerism ("MDTCC") to carry out music license issuance and fee collection activities in Malaysia on behalf of the following music licensing bodies:

1. Music Authors' Copyright Protection Berhad ("MACP");
2. Public Performance Malaysia Sdn. Bhd. ("PPM");
3. Recording Performers Malaysia Berhad ("RPM"); and
4. Performer's Rights and Interest Society Malaysia Berhad ("PRISM").

### 3.5 Where there are collective licensing bodies, how are they regulated?

Collective licensing bodies are regulated by the Act and the Copyright (Licensing Body) Regulations 2012. A society or an organisation intending to operate as a licensing body for copyright owners or for a specified class of copyright owners shall apply to the Controller to be declared as a licensing body.

### 3.6 On what grounds can licence terms offered by a collective licensing body be challenged?

Pursuant to Sections 27AA(1) of the Act, "licensing scheme" means licensing schemes operated by licensing bodies in relation to the copyright in any work, so far as they relate to licences for:

- (a) reproducing the work;
- (b) performing, showing or playing the work in public;
- (c) communicating the work to the public;
- (d) rebroadcasting the work;
- (e) the commercial rental of the work to the public; or
- (f) making adaptations of the work.

The terms of a licensing scheme proposed to be operated by a licensing body may be referred to the Copyright Tribunal ("Tribunal") by any organisation claiming to be a representative of persons claiming that they require licences in cases of a description to which the licensing scheme would apply, either generally or in relation to any description of case. If the Tribunal decides to entertain the reference, it shall consider the matter referred and make such order, either confirming or varying the proposed licensing scheme, either generally or so far as it relates to cases of the description to which the reference relates, as it may determine to be reasonable in the circumstances. Similarly, if a dispute arises between the operator of the licensing scheme and:

- (a) a person claiming that he requires a licence in a case of a description to which the licensing scheme applies;
- (b) an organisation claiming to be representative of such persons; or
- (c) a person who has been granted a licence to which the licensing scheme applies,

that operator, person or organisation may refer the licensing scheme to the Tribunal in so far as it relates to cases of that description. The

Tribunal shall consider the matter in dispute and make such order, either confirming or varying the licensing scheme so far as it relates to cases of the description to which the reference relates, as it may determine to be reasonable in the circumstances.

## 4 Owners' Rights

### 4.1 What acts involving a copyright work are capable of being restricted by the rights holder?

According to the Act, copyright owners have the exclusive right to control in Malaysia:

- (a) the reproduction in any material form;
- (aa) the communication to the public;
- (b) the performance, showing or playing to the public;
- (e) the distribution of copies to the public by sale or other transfer of ownership; and
- (f) the commercial rental to the public,

of the whole work or a substantial part thereof, either in its original or derivative form.

### 4.2 Are there any ancillary rights related to copyright, such as moral rights, and if so what do they protect, and can they be waived or assigned?

There are two types of moral rights that are protected under the Act.

#### *Authors' Moral Rights*

Section 25(2) provides that no person may, without the consent of the author, do or authorise: (a) the presentation of the work, by any means whatsoever, without identifying the author or under a name other than that of the author; and (b) the distortion, mutilation or other modification of the work if the distortion, mutilation or modification (i) significantly alters the work, and (ii) is such that it might reasonably be regarded as adversely affecting the author's honour or reputation.

It is unclear whether Section 25 permits an author to waive his moral rights.

#### *Performers' Moral Rights*

The moral rights of a performer are the same as those granted to authors of copyright works save that they are granted only to a live performance or a live performance fixed in a phonogram. "Phonogram" has been defined under the Act to mean the fixation of the sounds of a performance or of other sounds, or of a representation of the sounds, other than in the form of a fixation incorporated in a film or other audio-visual work.

### 4.3 Are there circumstances in which a copyright owner is unable to restrain subsequent dealings in works which have been put on the market with his consent?

The exclusive right to control the distribution of copies refers only to the act of putting into circulation copies not previously put into circulation in Malaysia and not to any subsequent distribution of those copies or any subsequent importation of those copies into Malaysia. Furthermore, the exclusive right to control commercial rental in relation to films shall only apply when such commercial rental has led to widespread copying of such work materially impairing the exclusive right of reproduction.

## 5 Copyright Enforcement

### 5.1 Are there any statutory enforcement agencies and, if so, are they used by rights holders as an alternative to civil actions?

Section 5 of the Act empowers the Minister of MDTCC to appoint a Controller, Deputy Controllers and Assistant Controllers and such other officers as may be necessary for the administration of the Act. The Assistant Controllers are vested with the powers of investigation and these powers are shared equally between the police and enforcement division of the MTDCC. The investigatory powers of the enforcement unit are limited to cases involving criminal offences under the Act. In terms of criminal prosecution, it is conducted by the Enforcement Division of MTDCC or the Royal Malaysian Police.

The Act also establishes the Tribunal, which has the power to: approve or vary the licensing scheme; determine whether particular applicants should be granted licences under such schemes; approve or vary the terms of particular licences; hear disputes over which applicants for a licence fall within the scheme on the refusals to grant licences; and make orders declaring that the complainant is entitled to a licence. The Tribunal may of its own motion, or at the request of a party, refer a question of law arising in proceedings concluded before it for determination by the High Court. A decision of the High Court shall be final and conclusive and no such decision shall be challenged by any other authority, judicial or otherwise, whatsoever.

### 5.2 Other than the copyright owner, can anyone else bring a claim for infringement of the copyright in a work?

The Act provides that the exclusive licensee shall (except against the owner of the copyright) have the same rights of action and be entitled to the same remedies, as if the licence had been an assignment, and those rights and remedies shall be concurrent with the rights and remedies of the owner of the copyright under that section. Where an action is brought either by the exclusive licensee and the action relates (wholly or partly) to an infringement in respect of which the owner and licensee have concurrent rights of action, the licensee, as the case may be, shall not be entitled, except with the leave of the court, to proceed with the action, in so far as it is brought under that section and relates to that infringement, unless the other party is either joined as a plaintiff in the action or added as a defendant.

### 5.3 Can an action be brought against 'secondary' infringers as well as primary infringers and, if so, on what basis can someone be liable for secondary infringement?

Actions can be brought against a "secondary" infringer who, without the consent or licence of the copyright owner, and where he knows or ought reasonably to know that the making of the article was carried out without the consent or licence of the copyright owner, imports an article into Malaysia for the purpose of:

- (a) selling, letting for hire, or by way of trade offering or exposing for sale or hire, the article;
- (b) distributing the article for the purpose of trade or any purpose to an extent that it will prejudicially affect the owner of the copyright; or
- (c) by way of trade, exhibiting the article in public.

### 5.4 Are there any general or specific exceptions which can be relied upon as a defence to a claim of infringement?

Section 13(2) of the Act provides defences to infringement actions for the following:

- (a) fair dealing for purposes of research, private study, criticism, review or the reporting of news or current events, provided that it is accompanied by an acknowledgment of the title of the work and its authorship, except that no acknowledgment is required in connection with the reporting of news or current events by means of a sound recording, film or broadcast;
- (b) doing of any act by way of parody, pastiche or caricature;
- (c) incidental inclusion in a film or broadcast of any artistic work situated in a place where it can be viewed by the public;
- (d) reproduction and distribution of copies of any artistic work permanently situated in a place where it can be viewed by the public;
- (e) incidental inclusion of a work in an artistic work, sound recording, film or broadcast;
- (f) inclusion of a work in a broadcast, performance, showing or playing to the public, collection of literary or musical works, sound recording or film, if such inclusion is made by way of illustration for teaching purposes and is compatible with fair practice, provided that mention is made of the source and of the name of the author which appears on the work used;
- (g) any use of a work for the purpose of an examination by way of setting the questions, communicating the questions to the candidates or answering the questions, provided that a reprographic copy of a musical work shall not be made for use by an examination candidate in performing the work;
- (h) reproduction made in schools, universities or educational institutions of a work included in a broadcast intended for such schools, universities or educational institutions;
- (i) making of a sound recording of a broadcast, or a literary, dramatic or musical work, sound recording or a film included in the broadcast insofar as it consists of sounds if such sound recording of a broadcast is for the private and domestic use of the person by whom the sound recording is made;
- (j) making of a film of a broadcast, or a literary, artistic, dramatic or musical work or a film included in the broadcast, insofar as it consists of visual images if such making of a film of the broadcast is for the private and domestic use of the person by whom the film is made;
- (k) making and issuing of copies of any work into a format to cater for the special needs of people who are visually or hearing impaired and the issuing of such copies to the public by non-profit making bodies or institutions and on such terms as the Minister may determine;
- (l) reading or recitation in public or in a broadcast by one person of any reasonable extract from a published literary work if accompanied by sufficient acknowledgment;
- (m) any use made of a work by or under the direction or control of the Government, by the National Archives or any State Archives, by the National Library, or any State library, or by such public libraries and educational, scientific or professional institutions as the Minister may by order prescribe, where such use is in the public interest and is compatible with fair practice and the provisions of any regulations, and no profit is derived therefrom, and no admission fee is charged for the performance, showing or playing, if any, to the public of the work thus used;
- (n) reproduction of any work by or under the direction or control of a broadcasting service where such reproduction or any copies thereof are intended exclusively for a lawful broadcasting and are destroyed before the end of the period of

six calendar months immediately following the making of the reproduction or such longer period as may be agreed between the broadcasting service and the owner of the relevant part of the copyright in the work, provided that any reproduction of a work may, if it is of exceptional documentary character, be preserved in the archives of the broadcasting service which are hereby designated official archives for the purpose, but subject to this Act, shall not be used for broadcasting or for any other purpose without the consent of the owner of the relevant part of the copyright in the work;

- (o) performance, showing or playing of a work by a non-profit making club or institution where such performance, showing or playing is for a charitable or educational purpose and is in a place where no admission fee is charged in respect of such performance, showing or playing;
- (p) any use of a work for the purposes of any judicial proceedings, the proceedings of a royal commission, a legislative body, a statutory or Governmental inquiry, or of any report of any such proceedings, or for the purpose of the giving of professional advice by a legal practitioner;
- (q) the making of quotations from a published work if they are 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, provided that mention is made of the source and of the name of the author which appears on the work thus used;
- (r) reproduction by the press, the broadcasting or the showing to the public of articles published in newspapers or periodicals on current topics, if such reproduction, broadcasting or showing has not been expressly reserved, provided that the source is clearly indicated;
- (s) reproduction by the press, the broadcasting or the performance, showing or playing to the public of lectures, addresses and other works of the same nature which are delivered in public if such use is for informative purposes and has not been expressly reserved;
- (t) commercial rental of computer programs, where the program is not the essential object of the rental; and
- (u) making of a transient and incidental electronic copy of a work made available on a network if the making of such copy is required for the viewing, listening or utilisation of the work.

Other non-statutory defences include:

- (i) where the nature of the work itself is such that it should not be protected on the grounds of public policy; and
- (ii) where the unauthorised public disclosure of the copyrighted material is in the public interest.

### 5.5 Are interim or permanent injunctions available?

Both preliminary and final injunctions are available, as Malaysia adopts a common law system. Other interlocutory reliefs available include Anton Piller orders and Mareva injunctions. Interlocutory relief is available where appropriate.

### 5.6 On what basis are damages or an account of profits calculated?

As damages and account of profits are alternatives, they cannot be claimed simultaneously. An account of profits requires the infringer to calculate the revenue gained from his infringement to the party whose rights he has infringed, whereas damages requires the infringer to compensate the party wronged for the loss he has suffered. This is further reiterated in the case of *Motordata Research Consortium Sdn Bhd v Ahmad Shahril bin Abdullah & Ors* [2017] MLJU 1187 mentioned in question 7.1 below.

### 5.7 What are the typical costs of infringement proceedings and how long do they take?

Infringement proceedings typically cost between USD50,000 and USD100,000 depending on the time, cost and complexity of the matter. On average, it takes approximately 12 to 18 months from filing to trial.

### 5.8 Is there a right of appeal from a first instance judgment and if so what are the grounds on which an appeal may be brought?

The right of appeal from a first instance judgment from the High Court is to the Court of Appeal in respect of the whole or any part of the judgment based on a point of fact or law, or both. However, an appeal from the Court of Appeal to the Federal Court can only be based on a point of law, provided that leave is granted by the Federal Court.

### 5.9 What is the period in which an action must be commenced?

Six years from the act of infringement before the action is time-barred. The date of infringement will apply with respect to cases of continuing infringement.

## 6 Criminal Offences

### 6.1 Are there any criminal offences relating to copyright infringement?

Section 41 of the Act penalises the following activities relating to copyright infringement:

- (a) making of any infringing copy for sale or hire;
- (b) selling, letting for hire or, by way of trade, exposing or offering for sale or hire any infringing copy;
- (c) distribution of infringing copies;
- (d) the possession, otherwise than for private and domestic use, of any infringing copy;
- (e) by way of trade, exhibition in public of any infringing copy;
- (f) importation into Malaysia of any infringing copy, other than for private and domestic use;
- (g) making or the possession of any contrivance used or intended to be used for the purposes of making infringing copies;
- (h) circumvention or authorisation of the circumvention of any effective technological measures;
- (ha) manufacture, importation or sale of any technology or device for the purpose of the circumvention of technological protection measure;
- (i) unauthorised removal or alteration of any electronic rights management information; and
- (j) unauthorised distribution, importation for distribution or communication to the public of works or copies of works in respect of which electronic rights management information has been removed or altered without authority.

Upon conviction for an offence under paragraphs (a) to (f) above, the offender is liable to a fine of a sum not less than RM2,000 and not more than RM20,000 for each infringing copy, or to imprisonment for a term not exceeding five years, or to both, and for any subsequent offence, to a fine of not less than RM4,000 and not more than RM40,000 for each infringing copy, or to imprisonment for a term not exceeding 10 years, or to both.

Upon conviction for an offence under paragraphs (g) to (ha) above, the offender is liable to a fine of a sum not less than RM4,000 and not more than RM40,000 for each contrivance in respect of which the offence was committed, or to imprisonment for a term not exceeding 10 years, or to both, and for any subsequent offence, to a fine of not less than RM8,000 and no more than RM80,000 for each contrivance in respect of which the offence was committed, or to imprisonment for a term not exceeding 20 years, or to both.

Upon conviction for an offence under paragraphs (h) to (j) above, the offender is liable to a fine not exceeding RM250,000 or to imprisonment for a term not exceeding five years, or to both, and for any subsequent offence, to a fine not exceeding RM500,000 or to imprisonment for a term not exceeding 10 years, or to both.

It is also an offence to cause a literary or musical work, sound recording or film to be performed in public.

Section 41 further provides that any person committing any of the above offences is guilty of an offence, unless the accused is able to prove that he acted in good faith and had no reasonable grounds for supposing that copyright or performers' right would or might be infringed.

## 6.2 What is the threshold for criminal liability and what are the potential sanctions?

In Malaysia, the prosecution is required to prove beyond reasonable doubt. Upon conviction for an offence under Section 41, the offender is liable to a fine, imprisonment and/or both.

## 7 Current Developments

### 7.1 Have there been, or are there anticipated, any significant legislative changes or case law developments?

The Act was last amended in 2010 and no amendments have been made since then.

We set out below the current developments in copyright based on the following case laws:

1. *Syarikat Faiza Sdn Bhd & Anor v Faiz Rice Sdn Bhd & Anor and another suit* [2017] MLJU 1595

The High Court in this matter held, *amongst others*, that:

- (a) Sections 9(1), (2) and (3) of the Act provides for copyright to subsist in typographical arrangements (such as style, composition, layout and general appearance) of "published editions" of works;
- (b) copyright does not automatically belong to an employer if the work was created during the course of the employee's employment. It is a question of fact and would be determined by the courts based on the facts of the case;
- (c) Voluntary Notification cannot be solely used as evidence of copyright ownership. Copyright owners must be able to show that they have satisfied the requirements mentioned in question 1.1 above in order to prove that they are the copyright owner of their piece of work. The High Court goes on to state that the Voluntary Notification certificate provided by the Controller is not undeniable proof of copyright ownership. If the court decides that the party who submitted the Voluntary Notification is not the actual copyright owner, the court may grant a perpetual mandatory injunction to compel that party to withdraw its Voluntary Notification.

The High Court further opined that in order to determine whether the act of altered copying, which is the act of copying an original

work with modification made to the work, is an act of copyright infringement which falls under Section 36(1) of the Act, the Laddie's Test (as taken from "The Modern Law of Copyright and Designed" – Laddie, Prescott and Vitoria, 2<sup>nd</sup> Edition") should be used. The Laddie's Test determines whether the infringer has incorporated a substantial part of the independent skill and labour of the original author in the original copyright work, into the infringer's own work.

2. *Motordata Research Consortium Sdn Bhd v Ahmad Shahril bin Abdullah & Ors* [2017] MLJU 1187

The High Court in this matter opined that:

- (a) the word "commissioned" in Section 26(2)(a) of the Act refers to an order or agreement by one person to another person to create the work in question;
- (b) a person ("V") is deemed to have committed a copyright infringement under Section 36(1) of the Act when V causes another person ("W") to commit copyright infringement under the following circumstances:
  - (i) V has authority over W and V orders and directs W to commit copyright infringement;
  - (ii) V has an express or positive mandate to cause W to commit copyright infringement and V has caused W to do so;
- (c) the courts have the power to decide whether it should award damages (compensatory and non-compensatory) and at the same time, order an account of profits for both copyright infringement and commission of torts. In this case, if the court had: (i) ordered an inquiry to assess damages payable by the defendants to the plaintiff for loss suffered by the plaintiff (compensatory damages); (ii) made a separate award for the plaintiff's claim for exemplary damages, aggravated damages, statutory damages and additional damages (non-compensatory damages); and (iii) ordered an account of profits, this may have resulted in an unjustifiable windfall for the plaintiff and financially crippled the defendants in an unjust manner.

3. *Honda Giken Kogyo Kabushiki Kaisha v Dnc Asiatic Holdings Sdn Bhd & Ors and another suit* [2017] MLJU 1575

The High Court held that three-dimensional products created from two-dimensional drawings are eligible for copyright protection and such products do not have to be an exact reproduction of the two-dimensional drawings. It would be sufficient if there was evidence to show that the three-dimensional representation was based on the two-dimensional drawings.

4. *Honda Giken Kogyo Kabushiki Kaisha v Mforce Bike Holdings Sdn Bhd & Anor and another suit* [2017] MLJU 1576

The High Court held that the act of copying (in Malaysia) an unauthorised copy of a work (in Vietnam) would not constitute copyright infringement if there is no evidence given that the work is afforded copyright protection or copyright enforcement in Vietnam.

### 7.2 Are there any particularly noteworthy issues around the application and enforcement of copyright in relation to digital content (for example, when a work is deemed to be made available to the public online, hyperlinking, etc.)?

Section 36A of the Act provides that if a technological protection measure is applied to a copy of a work, no person shall circumvent such measure. "Technological protection measure" is defined to mean any technology which prevents or limits the doing of any act that results in an infringement of copyright.

Section 36B of the Act prohibits any person from removing or altering any electronic rights management information or



distributing any works or copies of works knowing that electronic rights management information has been removed or altered. “Rights management information” means information which identifies the work, the author, the owner of any right of the work, the terms and conditions of use of the work, numbers/codes that represent such information, when any of these items is attached to a copy of a work or appears in connection with the communication of the work to the public.

The Act exempts a service provider from liability for copyright infringement in the following situations:

1. if the infringement occurs from: (a) a transmission, routing or provisions of connections by the service provider of an electronic copy of the work through its primary network; or (b) any transient storage by the service provider of an electronic copy of the work in the course of such transmission, routing or provision of connection, provided that: (i) the service provider did not initiate or direct the transmission of the electronic copy of the work; (ii) the transmission, routing, provision of connections or storage is carried out through an automatic technical process without any selection of the electronic copy of the work by the service provider; (iii) the service provider does not select the recipient of the electronic copy of the work except as an automatic response to the request of another person; or (iv) the service provider does not make any modification,

other than a modification made as part of a technical process, to the content of the electronic copy of the work during its transmission through the primary network;

2. in the making of any electronic copy of the work on its primary network, if it is: (a) from an electronic copy of the work made available on an originating network; (b) through an automatic process; (c) in response to an action by a user of its primary network; or (d) in order to facilitate efficient access to the work by a user; and
3. where infringement arises from: (a) the electronic copy of the work being stored at the direction of a user of its primary network; or (b) the service provider referring or linking a user to an online location on an originating network where an electronic copy of the work is available, provided that the service provider does not have knowledge of the infringing activity, does not receive any financial benefit directly attributable to the infringement, and responds within the time specified to remove access to the infringing copy.

Section 43H of the Act provides that if an electronic copy of any work accessible in a network infringes the copyright of a work, the copyright owner (“First Issuer”) may notify the service provider to remove any access to the electronic copy on the service provider’s network provided that the First Issuer shall undertake to compensate the service provider against damages arising from complying with such notification.



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The firm has been awarded the Media & Entertainment Law Firm of the Year in Malaysia for 2017 by Global Law Experts and is also ranked in *Media Law International*’s publication. It was nominated as the best boutique firm for the Asia Legal Business Awards 2016 and has also been listed on *The Legal 500* since 2014.

# Mexico

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## 1 Copyright Subsistence

### 1.1 What are the requirements for copyright to subsist in a work?

In Mexico, the copyright of a work is acquired by fixing an original creation in any material able to register it; from that onwards, the author has the moral and patrimonial rights. Even so, the registration of a copyright work is always recommended.

In addition to the aforementioned it is important to point out that the Mexican Copyright Law (“MCL”) considers protection for all creations that are individual (created by the flesh and blood individual, “author”, or “authors” in the case of collective works), completed, unitary or to represent something.

### 1.2 On the presumption that copyright can arise in literary, artistic and musical works, are there any other works in which copyright can subsist and are there any works which are excluded from copyright protection?

There are different types of works according to the Mexican legislation. In that order of ideas, the protected works by the MCL are those of original creation, susceptible of being divulged or reproduced in any form or means.

According to the provisions of Article 13 of the MCL, the following kind of works are copyrightable: literary; musical (with or without lyrics); dramatic; dance; pictorial or drawing; sculpture or plastic work; caricature and cartoons; architectural; cinematographic and other audio-visual works; radio and television programmes; computer programs; photographic; applied art works, including graphic and textile design; and compilations such as encyclopedias, anthologies, and other works such as databases, but only if such works may be considered as an intellectual creation.

Regarding the works which are excluded from protection, the MCL establishes the following exceptions:

- ideas themselves, formulae, solutions, concepts, methods, systems, principles, discoveries, processes or inventions of any kind; industrial or commercial exploitation of the ideas contained in works; or schemes, plans or rules for the making of mental acts, games or business;
- letters, digits or isolated colours, except where they are stylised to such an extent that they become original designs;
- names and titles or lone phrases;
- blank formats or formulae containing any type of information, as well as their instructions;

- reproduction or imitations, without authorisation, of shields, flags or emblems of any country, state, municipality or equivalent political division;
- denominations, initials, symbols or emblems of international government organisations, or any government or other organisation officially recognised, as well as the verbal description of them;
- legislative, regulatory, administrative or judicial texts, as well as their official translations;
- informative content of news (but its form of expression may be copyrightable); and
- information in common use such as proverbs, sayings, legends, facts, calendars and metric scales.

### 1.3 Is there a system for registration of copyright and if so what is the effect of registration?

Yes. There is a system to obtain a copyright registration which must be carried out before the Mexican Copyright Office (MCO) and its process is regulated in the MCL. Basically, the author(s) must submit an application with the work as an attachment.

The application contains the general information of the author, the right holder and the work’s general characteristics. After the submission, a quick examination is performed by the MCO, and if it meets with the requirements a certification shall be issued, acquiring the presumption of property.

As aforementioned, the effect of the copyright certification is the presumption of property that the copyright holder acquires over the work.

### 1.4 What is the duration of copyright protection? Does this vary depending on the type of work?

The duration of the protection of a copyright work in Mexico is 100 years after the death of the author, or the last author in the case of works with more than one author.

This period does not vary depending on the type of work.

### 1.5 Is there any overlap between copyright and other intellectual property rights such as design rights and database rights?

In Mexico there are different intellectual property figures that overlap with copyright works. For example, a trademark which has a design that meets the requirement to be a copyright work can be

protected through both figures, as long as the requirements for its eventual granting have been met.

Also, the protection of a copyright work can overlap with that of an industrial design, as an industrial design must be new and have similar characteristics with a copyright work.

Another figure that can constitute a copyright work is trademark sound. This new type of brand is the result of various reforms and additions to the Industrial Property Law (IPL), and that incorporates new elements that can constitute a trademark such as sounds, olfactory, trade dress, and other types that can also be considered copyright works.

#### **1.6 Are there any restrictions on the protection for copyright works which are made by an industrial process?**

No, there are no specific provisions or restrictions on this matter.

## **2 Ownership**

#### **2.1 Who is the first owner of copyright in each of the works protected (other than where questions 2.2 or 2.3 apply)?**

The Mexican copyright system is based on the principle that the author (flesh and blood individual) and their creations are the main object of protection and have been outlined on the duality of patrimonial and moral rights, recognising also the economic and remuneration rights. Thus, the first copyright owner is the author(s), who, according to the MCL, has the moral and patrimonial rights which are attached to any work and have different functions. The moral rights are attached to the author and cannot be renounced (integrity, paternity, divulgation and withdrawal right). The MCL considers moral rights as perpetual, non-lapsable, indefeasible and unseizable.

The patrimonial rights are those rights that permit authors to benefit from their creation and control its exploitation (reproduction, distribution, transformation, and public communication). These rights can be licensed or transferred on an exclusive or nonexclusive basis.

It is important to mention that exceptions to the general rule apply when the work is made by work-for-hire. In this case, the person or entity that commissions work from an author, no matter if it is under employment circumstances or as a freelance, and reattributes the author for its contribution, may be considered as the original owner of the patrimonial rights.

#### **2.2 Where a work is commissioned, how is ownership of the copyright determined between the author and the commissioner?**

According to the MCL, the ownership of a commissioned work is determined by the specifications that the commissioner gives to the author and the subsequent payment for its work, having all of the patrimonial rights and some of the moral rights included.

In addition, the MCL establishes that the person who creates a musical work-for-hire will have the right to receive the payment of royalties for the public communication or public transmission of the work.

Finally, to consider that a work has been created under a work-for-hire scenario, terms and conditions of the agreement should be clear and precise; otherwise, in case of any doubt, the most favourable interpretation to the author will prevail.

#### **2.3 Where a work is created by an employee, how is ownership of the copyright determined between the employee and the employer?**

If the work is created as a consequence of a written labour agreement, unless otherwise agreed, the MCL establishes that the patrimonial rights will pertain in equal parts to the employee and employer, and the employer may divulge the work without the authorisation of the employee but not *vice versa*.

If there is a lack of written labour agreement, the exploitation rights will be granted to the employee.

#### **2.4 Is there a concept of joint ownership and, if so, what rules apply to dealings with a jointly owned work?**

Works may be co-authored and/or co-owned. There are specific provisions to distinguish between works that have been made jointly by two or more flesh and blood individuals, which are known as collaborative works, and works that have been made by two or more authors (natural persons), but under the initiative of a third person (natural person or entity), which are known as collective works (Article 4. D. II and III of the MCL). In both cases, unless otherwise agreed, rights shall be granted to all co-authors in equal proportions. There are also ownership rules, depending on whether the ownership of the work is attributed by transfer, as a result of a commission or by authorship (Articles 78 to 84 of the MCL).

## **3 Exploitation**

#### **3.1 Are there any formalities which apply to the transfer/assignment of ownership?**

As we mentioned before, only exploitation or patrimonial rights may be transferred or assigned.

All transfers or assignments of patrimonial rights: (i) shall be done in writing, otherwise the transfer will be considered null; (ii) must be reattributed (cannot be free); and (iii) must be temporary for no more than 15 years (specific exceptions apply if the nature or investment justifies the extension). If the term is not specified, a general rule of five years will be considered.

Also, it is important to mention that the transfer/assignment of ownership shall be registered in the public registry of the MCO subsequent to its enforcement.

#### **3.2 Are there any formalities required for a copyright licence?**

Yes. It has to be done in writing, must be temporary and cannot be free. Furthermore, if the licence is granted as exclusive, such provision has to be specified in the licence agreement. Likewise, compulsory licences may exist if there is a circumstance for the development of science, national education and culture.

As aforementioned, the transfer/assignment of ownership shall be registered in the public registry of the MCO subsequent to its enforcement.

### 3.3 Are there any laws which limit the licence terms parties may agree (other than as addressed in questions 3.4 to 3.6)?

Yes, the MCL. Please see the answers to questions 3.1 and 3.2, where we explain that restrictions for transfers and assignments also apply to licences. The general rule is five years, which may be extended up to 15 years if the parties agree such term in writing; furthermore, under certain circumstances and depending on the nature of the work and the investment for it, such term of 15 years may be extended. The law does not provide a limitation in this case, but all licences have to be temporary and cannot be perpetual.

### 3.4 Which types of copyright work have collective licensing bodies (please name the relevant bodies)?

In Mexico, there are different types of collective licensing bodies, within which those who have the most impact are those whose users are the authors, producers and performers of the works that are considered the most important in the entertainment industries. The following are those with the most impact on the authors' rights industry:

- Society of Authors and Composers of Mexico (authors and composers).
- Mexican Society of Directors of Audiovisual Works (directors).
- Mexican Society of Producers of Phonograms, Videogram and Multimedia (producers of phonograms, videograms and multimedia).
- General Society of Writers of Mexico (authors of literary works).
- National Association of Interpreters (performers).

### 3.5 Where there are collective licensing bodies, how are they regulated?

The MCL establishes the principal obligations that a licensing body has as its object, functions and principles, providing a legal framework to facilitate the collection and delivery to authors and holders of related rights, the amounts of which are generated in its favour by copyright or related rights, through its public communications.

The regulatory framework establishes the rights and obligations with which entities must comply, such as foreseeing that the successors of authors and owners of related rights, national or foreign, residing in Mexico may be part of collective licensing bodies. Likewise, in order to be able to operate as a management company, it is necessary to have the authorisation of the MCO, which may revoke such authorisation for non-compliance with what is established in the MCL.

### 3.6 On what grounds can licence terms offered by a collective licensing body be challenged?

If the licence terms are against MCL provisions, the licensee is entitled to revoke the licence; an example of this could be any term of the contract that is in breach of the moral and/or patrimonial rights.

## 4 Owners' Rights

### 4.1 What acts involving a copyright work are capable of being restricted by the rights holder?

In Mexico, the author and even his or her successors and heirs are always entitled to restrict the acts that infringe the moral rights of a work (disclosure right, recognition of authorship, opposition to any deformation, mutilation or other modification, withdrawal of the work from the trade, among others) regardless of the licensees of the exploitation rights.

If the right holder of a copyright is someone other than the author, the acts that it is capable of restricting correspond to the exploitation rights (reproduction, publication, edition, public communication, public transmission, distribution, importation, disclosure of derivative works, among others).

If the author has the exploitation and moral rights, it is entitled to restrict any act that is in the scope of such rights.

### 4.2 Are there any ancillary rights related to copyright, such as moral rights, and if so what do they protect, and can they be waived or assigned?

Moral rights are not considered as ancillary rights but primary rights "united" to the author. The author is the primal and perpetual owner of such rights and in the absence of the author, the successor and heirs are entitled to exercise them, and in some cases, the State.

Holders of moral rights are entitled to:

- a) Disclose or not disclose the copyrighted work.
- b) Demand the recognition of authorship and disclose the work as an anonymous or pseudonymous work.
- c) Demand respect for the work, opposing any deformation, mutilation or other modification, as well as any action or attack to the same that causes demerit of the work or prejudice to the reputation of its author.
- d) Modify the work.
- e) Withdraw the work from trade.
- f) Oppose the attribution of an author of a work that is not part of its creation.

The heirs may only exercise the rights established in sections a), b), c) and f), and the State, if applicable, may only do so in relation to those established in sections c) and f) above.

Ancillary rights are referred to as any right connected with exploiting the work in manners that are different from its original format, which is very common in the entertainment arena. Conditions for granting and exploiting such kind of rights are negotiated in different ways throughout agreements.

### 4.3 Are there circumstances in which a copyright owner is unable to restrain subsequent dealings in works which have been put on the market with his consent?

Yes. Once authors or exploitation right holders have pledged to contribute to the performance of the audio-visual or cinematographic work, they may not oppose the reproduction, distribution, representation and public performance, transmission by cable, broadcasting, communication to the public, subtitling and dubbing of the texts of their work.

In the case of works that are conceived as a result of a working relationship, or those which are commissioned works, the author cannot prevent subsequent dealings because the exploitation rights



are no longer owned by the author. The contracts of the parties should contain provisions addressing this matter.

Likewise, Article 148 of the MCL states limitations to the copyright, such as the citation of texts, reproduction of parts of the work, for criticism and scientific, literary or artistic research and private use under certain conditions; among others, literary and artistic works already disclosed may be used, provided that the normal exploitation of the work is not affected, without authorisation from the owner of the patrimonial right and without remuneration, invariably citing the source and without altering the work.

## 5 Copyright Enforcement

### 5.1 Are there any statutory enforcement agencies and, if so, are they used by rights holders as an alternative to civil actions?

In Mexico, apart from civil actions, there are different authorities that are responsible for handling the procedures relating to different copyright violations.

In the case of copyright violations, according to the MCL, these are substantiated before the MCO.

In the case of trade infringement, according to the MCL, the proceeding is substantiated before the Mexican Patent and Trademark Office ("MPTO").

Likewise, in the case of copyright offences, they are denounced before the public ministry to be then resolved by the competent federal court.

The MCL also provides an arbitration procedure, which is governed by the MCL and the commercial code and substantiated by the MCO.

Also, the MCL provides a compromise agreement procedure (*procedimiento de avenencia*) which is substantiated before the MCO.

### 5.2 Other than the copyright owner, can anyone else bring a claim for infringement of the copyright in a work?

Yes. In this case, the licensee who has an exclusive or non-exclusive licence may sue a third party for copyright infringement.

On the other hand, the heirs or successors of the authors can claim the infringement for violation of the moral rights of a work of authorship.

Similarly, in the event that there are no heirs or successors of an author, the State is entitled to act against potential offenders.

### 5.3 Can an action be brought against 'secondary' infringers as well as primary infringers and, if so, on what basis can someone be liable for secondary infringement?

In Mexico, the law makes no distinction between primary and secondary infraction; however, such violations are contained in various provisions and are substantiated before authorities mentioned in question 5.1.

### 5.4 Are there any general or specific exceptions which can be relied upon as a defence to a claim of infringement?

There are some exceptions called limitations to copyright, which, among others, are listed below:

- Citation of texts.
- Reproduction of articles, photographs, illustrations and comments referring to current events, published by the press or broadcast on radio or television.
- Reproduction of parts of the work, for criticism and scientific, literary or artistic research.
- Reproduction of a single copy by an archive or library for reasons of security and preservation, and which is exhausted, out of print and in danger of disappearing.

### 5.5 Are interim or permanent injunctions available?

Yes. In the case of trade infringement related to copyright, according to the Industrial Property Law, the MPTO may take the following measures, among others:

- Order the withdrawal of the circulation of goods that infringe rights.
- Order to withdraw from circulation:
  - a) objects manufactured or used illegally;
  - b) objects, packaging, stationery, advertising material and the like that infringe any of the rights protected by the IPL; and
  - c) advertisements, signs, stationery and the like that infringe any of the rights protected by this Law.
- Prohibit the marketing or use of infringing products.
- Seize infringing products.

### 5.6 On what basis are damages or an account of profits calculated?

Article 216-*bis* of the MCL states a minimum standard provision establishing that reparation of damages shall not be in any case less than 40 per cent of the selling price of the infringing product.

### 5.7 What are the typical costs of infringement proceedings and how long do they take?

Each case can be very different, and times and costs will depend of the particular circumstances and complexity. Common costs in a non-extraordinary case should be around 5,000 USD to 9,000 USD for the first instance at both the MCO or the MPTO; nevertheless, after the first instance, there are at least two (but can be three) more instances to challenge the first instance rule. The timeframe also depends on the complexity of the matter, the pending cases at the office of the judge and the attention of the attorney in charge, but normally civil proceeding take from 15 to 36 months, and administrative proceedings take around 24 to 72 months.

### 5.8 Is there a right of appeal from a first instance judgment and if so what are the grounds on which an appeal may be brought?

Yes, there are three instances to appeal a first instance sentence. The following rules and steps apply:

- (i) Optional petition for review within the 15 business days following the date that the sentence is notified. The same office (MCO or MPTO) will resolve this optional petition.
- (ii) Appeal within the next 45 business days as from the date that the sentence is notified before the Specialized Intellectual Property Court ("SEPI") of the Federal Court of Tax and Administrative Affairs (Second Instance). The timeframe in this instance is around 18 months.
- (iii) Constitutional appeal (*Amparo*) against the sentence ruled by the SEPI. *Amparo* would be ruled at the Federal Circuit Court and has to be filed within the next 15 business days after the date that the second instance sentence is notified. The timeframe for this instance is around 12 months.

It is not possible to appeal a Constitutional sentence.

### 5.9 What is the period in which an action must be commenced?

Neither the MCL nor the Industrial Property Law state any specific period to file legal actions against copyright infringements; however, the MCL establishes the Federal Civil Code as supplementary law, which provides a prescription period of two years after the plaintiff became aware of the infringement to file a civil action.

## 6 Criminal Offences

### 6.1 Are there any criminal offences relating to copyright infringement?

Yes, criminal actions could be conveyed at criminal courts, in the case of copyright piracy activities and in the case of infringements that are committed in bad faith and at a commercial scale. In this matter, the function of the Attorney General's Office is to investigate copyright crimes. Different to administrative courts that have the intellectual property specialised court, in Mexico, we still do not have a criminal court specialised in copyright law.

Articles 424 to 429 of the Federal Criminal Code state provisions regarding copyright criminal offences, establishing the following:

- Imprisonment of between six months and six years, and a fine from 300 to 300,000 days of minimum salary, will be imposed on:
  - (i) any person who deals in any form with free textbooks distributed by the Public Education Department;
  - (ii) an editor, producer or recorder who knowingly produces more copies of a work protected by federal copyright law than authorised by the holder of the rights; or
  - (iii) any person who intentionally uses, with commercial purposes and without the corresponding authorisation, works protected by MCL.
- From three years' up to 10 years' imprisonment and a fine will be imposed on:
  - (iv) any person who produces, reproduces, introduces to the country, stores, transports, distributes, sells or leases copies of works, audio or video recordings, or books protected by MCL, in a fraudulent manner,

for commercial purposes, and without having the authorisation from the holder of the copyright or neighbouring rights;

- (vi) any person who with knowledge contributes in any manner to or affords raw materials or consumables directed for the production or reproduction of works, audio or video recordings, or books referred to in the previous paragraph; or
- (vii) any person who manufactures for commercial purposes a device or system with the purpose of deactivating the protective electronic devices of a computer program.
- Article 424-ter provides that imprisonment of between six months and six years, and a fine of up to 30,000 days of minimum salary, will be imposed on any person who sells copies of works, audio or video recordings or books to any final consumer in a public place and in a fraudulent way for commercial purposes.
- Imprisonment of between six months and two years, or a fine of up to 3,000 days of minimum salary will be imposed on any person who, knowingly and without right, exploits an artistic performance for commercial purposes.
- Imprisonment of between six months and four years, and a fine will be imposed on:
  - any person who manufactures, imports, sells or leases a device or system to decode a coded satellite signal or programme-carrier, without authorisation of the legitimate distributor of said signal; and
  - any person who performs any act for commercial purposes with the intention of decoding a signal.
- Imprisonment from six months to six years and a fine from 300 to 3,000 days of minimum salary will be imposed upon a person who knowingly publishes a work replacing the name of the author with another name.

The pecuniary sanctions provided herewith shall be applied without prejudice to the repair of the damage, applying the 40 per cent rule that has been explained above in the answer to question 5.6.

### 6.2 What is the threshold for criminal liability and what are the potential sanctions?

See the answer to question 6.1.

## 7 Current Developments

### 7.1 Have there been, or are there anticipated, any significant legislative changes or case law developments?

There have been significant changes in the IP laws lately, especially regarding patents and trademarks, which was expected for some time by the IP users.

In the copyright sector, a new addition was made on June 1<sup>st</sup> 2018, which consists of the inclusion of a new Article, 213-bis, and an additional paragraph in article 215.

The new Article 213-bis gives the author, right holders or the licensing body the possibility to take precautionary measures in response to the violation of the patrimonial author's rights: the suspension of a representation, communication and/or public execution of a copyrighted work; seizure of the obtained income, before or during the public representation, communication or execution; and precautionary assurance of the material instruments, equipment or supplies used. The right holder must exhibit sufficient

guarantee to cover for possible damages and losses resulting from the precautionary measures and shall inform the possible offender about the measures at least 72 hours before the judicial request.

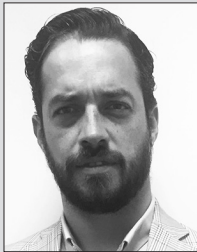
When the measures provided in the previous paragraph are not sufficient to prevent or avoid the violation of copyright, the seizure of commercial negotiation will be decreed.

The action may be initiated before the competent judicial authority by the right holder.

are trying to resolve the problem of piracy and infringement of copyrights in digital content; however, even though WIPO treaties set some rules concerning exceptions and limitations for the digital arena and Mexico has adopted some provisions in the MCL, and considering also that several provisions connected with digital media have been established in Mexican legislation such as the Federal Civil Code, the Commercial Code or the Criminal Code, at this time there is no certain answer under the scope of Mexican legal framework of who should be responsible and punished for performing piracy and internet infringements.

**7.2 Are there any particularly noteworthy issues around the application and enforcement of copyright in relation to digital content (for example, when a work is deemed to be made available to the public online, hyperlinking, etc.)?**

At the moment, there is no clear regulation on how to deal with infringers in the digital environment. Legislators and IP groups



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Israel Pérez Correa started his career more than 15 years ago at Olivares and then managed the IP and entertainment area of the second most important broadcaster company in LATAM; after that, Israel was in charge of the IP practice of Gardere in Mexico and was a foreign associate for Gardere in Dallas Texas during 2010 to work with British American Tobacco before joining PÉREZ CORREA. Israel has acted as a speaker in forums and has published numerous articles connected with intellectual property law in national and international magazines.



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**PÉREZ  
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A B O G A D O S

PÉREZ CORREA is an intellectual property, technology and commercial law firm assisting national and international clients local and abroad. The Intellectual Property practice includes patent, trademarks, copyright and related rights, franchises, IP strategy, transactions and agreements, Internet and digital media, licensing and litigation connected thereto for all kinds of industries, but primarily acting in the media, fashion, sports, entertainment, technologies and life science arenas.

Our team is made up of lawyers, scientists and engineers, who help us to understand and maximise technical scope, with a deep knowledge of the law.

# Nigeria

S. P. A. Ajibade &amp; Co.

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Yetunde Okojie



## 1 Copyright Subsistence

### 1.1 What are the requirements for copyright to subsist in a work?

- For copyright to subsist in a work, the work must be a literary, musical or artistic work, cinematographic film, sound recording or broadcast (inclusive of adaptations of any of these creative expressions) as defined under the Nigerian Copyright Act Cap. C28 Laws of the Federation of Nigeria 2004.
- Sufficient effort must have been expended in making the work to give it an original character.
- The work must be in a fixed or definite medium of expression, now known or later to be developed from which it can be perceived, reproduced or communicated either directly or with the aid of a device.
- The work must have been first published in Nigeria.
- In the case of a sound recording, it must have been first made in Nigeria.
- The author is a citizen of or domiciled in Nigeria or a body corporate incorporated in Nigeria.
- The work was first published in a country which is a party to a Convention or international treaty to which Nigeria is a signatory; **or** the work is first published by the United Nations or any of its specialised agencies, the Organisation of African Unity (i.e. the African Union) or the Economic Community of West African States (ECOWAS). Furthermore, in each of these instances, one of the authors of the work must be a citizen or domiciled in such treaty country or international arrangement/organisation, or is a body corporate set up under such international copyright arrangement or international organisation.  
Nigeria is currently a signatory to the Berne Convention (1886), the Trade Related Aspects of Intellectual Property Rights (TRIPS) Agreement (1994), the WIPO Copyright Treaty (1996), the Universal Copyright Convention (1952), the Brussels Convention on the Distribution of Programme-Carrying Signals Transmitted by Satellite (1974), the Geneva Convention for the Protection of Producers of Phonograms against Unauthorised Duplication (1971), and the Rome Convention for the Protection of Performers, Producers of Phonograms and Broadcasting Organisations (1961).
- Based on reciprocity, where the relevant Minister (i.e., for Culture) is satisfied that the treaty member extends similar protection to works protected under the Nigerian Copyright Act.

### 1.2 On the presumption that copyright can arise in literary, artistic and musical works, are there any other works in which copyright can subsist and are there any works which are excluded from copyright protection?

Copyright protection also extends to Neighbouring rights like Performer's rights and Expressions of Folklore. A performance may be musical or dramatic and would ordinarily include literary recitations and pantomimes. An expression of folklore is a "... group-oriented and tradition-based creation of groups or individuals reflecting the expectation of the community as an adequate expression of its cultural and social identity, its standards and values as transmitted orally...". Examples of these include riddles, dances, plays, poetry, and indigenous art forms and expressions.

On the other hand, artistic works intended by the author to be used as a model or pattern to be multiplied by industrial process are ineligible for copyright protection. As in most common law jurisdictions, copyright protection in Nigeria does not extend to ideas, facts, processes, laws of nature and mathematical formulas.

### 1.3 Is there a system for registration of copyright and if so what is the effect of registration?

There is no system or requirement for the registration of copyright in Nigeria. A work, once created, becomes automatically copyrightable if the requirements identified above have been met. However, the Nigerian Copyright Commission (NCC) has introduced an online database for the owners of copyrighted works and individuals/entities who have acquired rights to these works to register them online with the Commission. Although registration is not mandatory under the law, it provides a convenient tool for proving ownership, date of creation and other ancillary information relating to the copyrighted material.

### 1.4 What is the duration of copyright protection? Does this vary depending on the type of work?

The duration of copyright protection depends on the type of work involved.

For literary, musical or artistic works other than photographs, the copyright subsists from the date of creation and expires 70 years after the end of the year in which the author dies.

In the case of cinematographic films and photographs, copyright expires 50 years after the end of the year in which the recording was first made; whilst in the case of broadcasts, copyright expires 50 years after the end of the year in which the broadcast first took place.



### 1.5 Is there any overlap between copyright and other intellectual property rights such as design rights and database rights?

There is an overlap between copyright, design rights and other intellectual property rights in Nigeria. Designs, which are protected under the Patents & Designs Act, may also constitute copyrightable works protectable under copyright law. Although there is no specific reference to database rights under the current Nigerian Copyright Act, these are presumably protectable as literary works (or as compilations) in the same manner as computer software programs. Computer programs are entitled to protection both under copyright law as literary works and under patent law, where they involve an inventive step, are novel and capable of industrial application. Also, certain designs and logos may be protectable under both copyright law and trademark law.

### 1.6 Are there any restrictions on the protection for copyright works which are made by an industrial process?

Works of an artistic nature made by an industrial process cannot be protected in so far as they are intended by the author, at the time they were created, to be used as a model or pattern to be multiplied by an industrial/mechanical process.

## 2 Ownership

### 2.1 Who is the first owner of copyright in each of the works protected (other than where questions 2.2 or 2.3 apply)?

The first owner of the copyright in a protected work is the author, or in the case of a joint authorship, any or all of the authors.

### 2.2 Where a work is commissioned, how is ownership of the copyright determined between the author and the commissioner?

Where a work is commissioned, ownership shall belong in the first instance to the author, unless otherwise stipulated in writing under an applicable contract.

### 2.3 Where a work is created by an employee, how is ownership of the copyright determined between the employee and the employer?

Where a work is created by an employee, in the course of employment, copyright shall belong in the first instance to the employee, unless otherwise stipulated in writing, i.e. in a contract of employment. However, where a literary, artistic or musical work is made by an author in the course of employment by the proprietor of a newspaper, magazine or other periodical, and the work is made for the purpose of accomplishing these objectives, copyright would initially vest in the proprietor unless the contrary is stipulated by agreement.

In the case of sound recordings and cinematographic films, the author is under an obligation to conclude contractual arrangements with third parties whose works may form part of the subject work prior to its creation.

### 2.4 Is there a concept of joint ownership and, if so, what rules apply to dealings with a jointly owned work?

The concept of joint ownership exists under Nigerian copyright law, and a work is said to be jointly owned where the owners share a joint interest in the whole or any part of the copyright or if they have a proprietary interest in the various works forming part of a composite production. In other words, a production consisting of two or more works.

In the case of a joint ownership of a work, reference to the death of the author shall be taken to refer to the author who died last. All assignments and licences granted over the protected work are deemed to be granted by the co-owner and fees payable as a result of the grant are equitably divisible between such co-owners subject to the terms and conditions of any existing contract between them.

## 3 Exploitation

### 3.1 Are there any formalities which apply to the transfer/assignment of ownership?

For an assignment/transfer of copyright ownership to be valid, it must be in writing and must apply only to acts which the owner of the copyright has exclusive rights to control. Copyright is transmissible in Nigeria by operation of law or by testamentary disposition as any movable property. Any testamentary disposition of original copyrighted material shall be presumed (in the absence of evidence to the contrary) to include the copyright or prospective copyright in the work which may vest in the decedent/deceased.

### 3.2 Are there any formalities required for a copyright licence?

All exclusive licences of copyrighted material must be in writing to be valid, whereas non-exclusive licences may be written or oral, or may be inferred from the conduct of the parties.

### 3.3 Are there any laws which limit the licence terms parties may agree (other than as addressed in questions 3.4 to 3.6)?

There are no provisions in the current Copyright Act and any Subsidiary Legislation which directly limit the terms that parties may agree upon in a licensing arrangement. Whatever arrangements that parties make would, however, be subject to public policy presumptions against illegal contracts and other related laws regulating the transfer of technology, compliance with standards, local content provisions and applicable monetary policy guidelines on the transfer of foreign exchange out of jurisdiction in line with the payment clause contained in such licence agreements.

### 3.4 Which types of copyright work have collective licensing bodies (please name the relevant bodies)?

Under the Nigerian Copyright Act and the Copyright (Collective Management Organizations) Regulations of 2007, collecting societies licensed by the Commission may manage all performance and mechanical rights relating to the musical works/compositions and sound recordings of their member-artists. The Copyright Society of Nigeria (COSON) and very recently the Musical Copyright Society of Nigeria (MCSN) are the collecting societies

licensed by the Commission to manage the rights of artists to copyrighted material in musical works and sound recordings. COSON and MCSN are charged with the responsibility of negotiating licensing arrangements with users on favourable terms, as well as the collection and distribution of royalties on behalf of members. Other collective licensing bodies are the Audio Visual Rights Society of Nigeria (AVRS) for audio-visual works, and the Reproduction Rights Society of Nigeria (REPRONIG) for literary works.

### **3.5 Where there are collective licensing bodies, how are they regulated?**

Collective licensing bodies in Nigeria are bodies formed to manage any one or more of the exclusive rights of copyright owners, and to license and collect royalties from users of copyrighted works within their repertoire for the benefit of members. They are regulated by the Nigerian Copyright Commission (NCC) in accordance with the Copyright Act and the 2007 Regulations made by that agency.

### **3.6 On what grounds can licence terms offered by a collective licensing body be challenged?**

Licence terms offered by a collective licensing body can be challenged when:

1. the licence is in respect of a work which it is not authorised to administer;
2. the licence discriminates against members of the same user class either as to the terms of such licence or on differential tariff rates, without reasonable justification;
3. imposing a condition which requires a member to designate the society as the sole collecting agent of royalties due on the member's copyrighted work; and
4. the terms are onerous or unconscionable and the licensee has been compelled by undue pressure/influence to accede to them.

## **4 Owners' Rights**

### **4.1 What acts involving a copyright work are capable of being restricted by the rights holder?**

A rights holder can restrict or regulate the use of his work in relation to:

1. public performances and or display of the work;
2. the making of adaptations or derivative works;
3. publication, copying and reproduction of the work;
4. lending, renting and issuing copies to the public, and all other distributions to the public for commercial gain;
5. producing, reproducing, performing or publishing translations of the work;
6. making a cinematograph film or recording of the work; and
7. broadcasting or communicating the work to the public.

### **4.2 Are there any ancillary rights related to copyright, such as moral rights, and if so what do they protect, and can they be waived or assigned?**

Yes, there are ancillary rights related to copyright and they include moral rights, performers' rights and the protection of expressions of folklore.

Moral rights under Nigerian law protect the right of the author to be identified as the creator of the work, and are designed to shield authors from derogatory actions, including the distortion, mutilation or modification of their work, where these actions would be prejudicial to the author's honour and reputation. Although these rights may be waived, they are perpetual, inalienable and imprescriptible under Nigerian law.

Performers' rights address the right of the author to public performance, recording, and live broadcasts, as well as the reproduction of the protected work in any material form or the creation of adaptations of the performance. They can be waived and are generally assignable.

Copyright protection in expressions of folklore covers the right of a group, community or individual to restrict, through the Copyright Commission, the reproduction, communication to the public by performance, broadcasting, distribution, adaptation, and/or translations of protected material, either for commercial purposes or outside their traditional context, by unauthorised persons.

### **4.3 Are there circumstances in which a copyright owner is unable to restrain subsequent dealings in works which have been put on the market with his consent?**

Nigeria appears to operate a national exhaustion principle. While this policy stance is clearly articulated under the Patents & Designs Act, there are no specific provisions for this in the Copyright Act and the Trade Marks Act. Under the national exhaustion principle, upon the first sale of a protected work in which copyright subsists, a patentee is unable to restrain subsequent dealings in the patented product or process which have been put on the Nigerian market and sold with the patentee's consent. The proposed amendments to Nigeria's intellectual property laws advocate an international exhaustion principle across the various types of IPRs.

## **5 Copyright Enforcement**

### **5.1 Are there any statutory enforcement agencies and, if so, are they used by rights holders as an alternative to civil actions?**

Yes, there is a statutory enforcement agency known as the Nigerian Copyright Commission (NCC), which can be instigated by rights' holders to sue infringers/pirates in the form of criminal prosecutions as an alternative to civil action at the Federal High Court. The criminal provisions in the Act are enforced by Copyright Inspectors with police powers, who are appointed by the Commission. The Copyright Act allows both criminal and civil actions to be pursued simultaneously in respect of the same act of infringement. The powers of the Commission to institute and maintain a criminal charge against an alleged offender separate from and despite the conclusion of the Civil lawsuit was confirmed by the trial court in Suit No. FHC/ABJ/CR/379/15: *Nigerian Copyright Commission v. MTN Nigeria Communications Ltd.*

### **5.2 Other than the copyright owner, can anyone else bring a claim for infringement of the copyright in a work?**

Other than the copyright owner, an assignee or exclusive licensee can bring an action for infringement of a copyrighted work. However, the law provides that where both the assignee and an exclusive licensee enjoy concurrent claims to the protected material, then unless the leave of the court is first obtained, the lawsuit may not proceed without the copyright owner being joined either as co-plaintiff or co-defendant to the action.

### 5.3 Can an action be brought against 'secondary' infringers as well as primary infringers and, if so, on what basis can someone be liable for secondary infringement?

An action against a secondary infringer is justifiable where the secondary infringer aids, abets, connives with and actively facilitates the procurement or infringement of a copyrighted work. The generally accepted prongs of secondary liability for copyright infringement would cover 'vicarious liability' where the secondary infringer exercises sufficient control over the premises or implements of infringement and obtains direct financial benefits from the primary infringer's activity, and 'contributory liability', where the secondary infringer induces, causes or materially contributes to the offending conduct or otherwise facilitates infringement by end-users.

Criminal liability for secondary infringement would arise where one, without the licence or authority of the copyright owner:

1. does or causes any person to do an act, the doing of which is controlled by copyright without the copyright owner's permission;
2. imports or causes to be imported into Nigeria any copy of a work which if it had been made in Nigeria would be an infringing copy under the Act;
3. permits a place of public entertainment or of business to be used for a performance in public of a work, where the performance constitutes an infringement of the copyright in the work, unless the person permitting the place to be used was not aware and had no reasonable grounds for suspecting that the performance would be an infringement of copyright; or
4. performs or causes the performance, for business or trade purposes or as a supporting facility, of any work protected by copyright.

### 5.4 Are there any general or specific exceptions which can be relied upon as a defence to a claim of infringement?

Yes, there are defences to a claim for copyright infringement, and they are only available where:

1. In the case of criminal liability, it can be proved to the satisfaction of the court that the alleged infringer had no knowledge and no reason to believe that any such copy was an infringing copy of affected work or that the implements, equipment or other contrivances such as plates, master tapes, reproduction machines, etc., were used for the purpose of making infringing copies of such work.
2. In all other instances, the defence of fair dealing is available to the defendant, where the alleged infringing activity was for educational purposes, research or review, private use, news commentary and other critical reviews like caricatures, parodies or satires, or incidental inclusions of artistic works in a film or broadcast. Other exceptions include use of works under the direction or control of the government, public libraries, scientific and research institutions in the public interest and for non-commercial objectives; and use of copyright protected works in legal proceedings and under a compulsory licence issued by the Commission for the translation and/or reproduction of certain specified works under the Act.

### 5.5 Are interim or permanent injunctions available?

Yes, interim and permanent injunctions are available in an action for copyright infringement. Interim injunctions may be issued *ex parte* on a *quia timet* basis or in the form of an interlocutory restraining

order after taking arguments from the plaintiff and the defendant. In rare cases, Anton Piller injunctions can be obtained where the copyright owner argues to the satisfaction of the court that the alleged infringer is likely to remove and/or destroy evidence of the infringing activity, unless restrained by an order of court as a matter of extreme urgency. Furthermore, where there is evidence that infringing materials together with the implements and contrivances for making them are in an identified location, the court may issue an order *ex parte* for the inspection and/or seizure of such materials for safe keeping, pending the final determination of the lawsuit.

Permanent injunctions are issued at the end of a full trial (or settlement, depending on the terms) when the trial court accepts the copyright owner's claims as established by credible evidence.

### 5.6 On what basis are damages or an account of profits calculated?

A claim for general damages avails a successful plaintiff to a copyright infringement claim as a matter of the court's discretion. Conversely, a claim for specific damages must be categorically pleaded and strictly proved with the aid of substantiating evidence. Furthermore, the court may award additional damages, usually in the nature of punitive, exemplary or aggravated damages, based on the flagrancy of the infringement, and any benefit shown to have accrued to the defendant by reason of the infringement, and effective relief not being otherwise available to the plaintiff, and any other material consideration.

An account of profits may only be ordered where, although the infringer admits liability, there is evidence indicating that at the time of such infringing activity the infringer was not aware and had no reasonable basis for suspecting that the affected works were protected by copyright. In such unique cases, an award of damages is deemed inappropriate under the Nigerian Copyright Act.

In addition to the traditional remedies for copyright infringement, the Nigerian Copyright Act also recognises the right of the copyright owner to assume ownership or to institute an action for conversion of the infringing material as well as all the tools, machinery and equipment employed in their production.

### 5.7 What are the typical costs of infringement proceedings and how long do they take?

The cost of infringement proceedings depends on the attorney fees, filing fees, damages awarded and other incidental expenses. On average, professional fees range from between \$15,000 and \$25,000, depending on the complexity of the case. Success fee arrangements are also available based on mutually agreed terms, with the client assuming responsibility for disbursements and out-of-pocket expenses.

There is no stated duration for infringement proceedings, but in the absence of bureaucratic delays and preliminary proceedings, it could last for a minimum of two to three years where there is a full trial.

### 5.8 Is there a right of appeal from a first instance judgment and if so what are the grounds on which an appeal may be brought?

Yes, there is a right of appeal from the court of first instance, and the grounds on which an appeal is brought depends on the subject matter of the suit and the *ratio decidendi* of the judgment. Ideally, an appeal is indicated when the appellant alleges that the trial court failed to weigh and evaluate the evidence adduced at trial or

failed to ascribe appropriate probative value to such evidence; or having properly weighed the evidence, the trial court arrived at an illogical conclusion. Other grounds of appeal may be justified if it can be argued that material evidence was improperly excluded or not considered, and if the outcome would have been different had such evidence been considered. An appeal may also be justified on technical grounds where questions of jurisdiction and standing to sue are alleged.

### 5.9 What is the period in which an action must be commenced?

Since a claim for copyright infringement is a tort claim under the common law, the applicable time frame within which to bring such claims would be within a three-year period under the Statute of Limitations. However, copyright infringements are peculiarly of a continuing nature and as such the question would invariably be of determining when the infringement abates in order to ascertain when the computation period begins to run.

The overarching consideration would be for the court to make a determination as to when the complainant first discovered the infringing activity or should have, on the exercise of reasonable diligence, discovered it. Next would be whether the complainant is entitled to damages/compensation for the entire period of infringement or for the period commencing from the date of discovery going forward. A court of law has to make a discretionary call in most cases on whether the copyright owner has unduly slept on its rights or waived them by conduct. These are issues which have not yet been examined by Nigerian courts in the field of copyright law.

## 6 Criminal Offences

### 6.1 Are there any criminal offences relating to copyright infringement?

Yes, there are criminal offences relating to copyright infringement. Criminal liability will attach for making, selling, importing, distributing, or hiring for the purpose of trade infringing copies of works in which copyright subsists. It also constitutes a criminal offence under the Act to make or have in one's possession any equipment or machine for the purpose of making infringing copies of protected works; and importing, making, removing, defacing or tampering with anti-piracy devices and the circumvention of digital protection measures prescribed by the Commission for use on copyrighted materials.

### 6.2 What is the threshold for criminal liability and what are the potential sanctions?

As in all criminal cases, the threshold for liability is proof beyond a reasonable doubt, whether premised upon an admission, on direct or circumstantial evidence or a combination of these. Summary convictions for offences committed under the Act are also available and the following offences have been assigned specific punishment.

1. Making or causing to be made for sale, hire or for the purpose of trade or business any infringing work; importing or causing to be imported; making, causing to be made or being in possession of any equipment for the purposes of making any infringing work is a criminal offence for which the sanction is a fine not exceeding N1,000.00 for every copy dealt with or to a term of imprisonment not exceeding five years or both.

2. Selling or letting for hire, exposing or offering for sale or hire, distributing for the purpose of trade, being in possession, selling, exposing for sale, hiring or distributing any work which if it had been made in Nigeria would be an infringing copy attracts a fine of N100 for every copy dealt with or a term of imprisonment not exceeding two years or both.
3. Distributing in public by way of rental, lease, hire, loan or similar arrangement without the consent of the owners for commercial purposes, copies of a work in which copyright subsists attracts a sanction of N100 for every copy dealt with or to imprisonment for six months, or both fine and imprisonment.

## 7 Current Developments

### 7.1 Have there been, or are there anticipated, any significant legislative changes or case law developments?

For legislative changes, on 21<sup>st</sup> December 2017 the Attorney General of the Federation and Minister of Justice announced that the pending Copyright Bill had been approved by the Federal Executive Council and the Bill had been forwarded to the National Assembly for consideration and passage into law and eventual assent by the President of the Federal Republic of Nigeria if passed. The Bill is aimed at repositioning Nigeria's creative industries for greater growth, strengthen their capacity to compete more effectively in the global marketplace, and enable Nigeria to fully satisfy its obligations under the various International Copyright Instruments.

With reference to case law developments, Multichoice sued MCSN in Suit No. FHC/L/CS/1091/11 seeking an injunction to restrain the copyright collecting society from asking them to obtain a copyright licence for the broadcast and communication to the public of musical works on the radio and television channels operated and distributed by Multichoice.

The court having delivered judgment on 19<sup>th</sup> January 2018, striking out the plaintiff's claims, entered judgment in favour of the defendant/counter-claimant in the following terms: N5,490,652,125.00 only as special damages. The court further ordered Multichoice to pay N200 million and N309 million respectively as general and aggravated damages respectively in favour of MCSN.

The Federal High Court in Suit No. FHC/L/1259/2017 recently upheld the power of the Musical Copyright Society of Nigeria Limited to operate as a Collective Management Organisation for the licensing of copyrighted works and management of royalties on behalf of Nigerian musicians. The Court in its judgment dismissed the suit filed by the Copyright Society of Nigeria, challenging the power of the MCSN to operate as a CMO. COSON had urged the Court to declare as invalid the approval given to the MCSN by the Nigerian Copyright Commission to operate as a CMO. The Court rejected COSON's suit.

### 7.2 Are there any particularly noteworthy issues around the application and enforcement of copyright in relation to digital content (for example, when a work is deemed to be made available to the public online, hyperlinking, etc.)?

The current Copyright Act does not specifically address internet issues and other claims arising in the realm of new technologies.

However, Part VII of the proposed Copyright Bill addresses online issues like the issuance of take-down notices, suspension of the accounts of repeat offenders, the limitation of liability of Service



Providers regarding user content and information residing on ISP network platforms as well as the denial of access to infringing material placed on these online platforms.

Furthermore, the Guidelines for the Provision of Internet Service issued by the Nigerian Communications Commission pursuant to section 70(2) of the Nigerian Communications Act, 2003, prescribes minimum standards of compliance by ISPs in order to avoid liability

for cybercrimes and violations of intellectual property rights including cooperating with enforcement and regulatory agencies investigating illegal online activities. ISPs are absolved of liability as content intermediaries if they maintain their neutrality and act appropriately in responding to take-down notices of challenged online content.



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# Norway

Magnus Thomassen



Espen Clausen



Acapo AS

## 1 Copyright Subsistence

### 1.1 What are the requirements for copyright to subsist in a work?

According to the Norwegian Copyright Act – *Åndsverkloven*, L16.06.2018 nr. 40 – copyright subsists when a work is the result of the author's original and individual creative effort. A certain degree of originality is required – referred to as “*verks høyde*” in theory and case law – but this does not imply a qualitative or quantitative assessment of the result. There are no requirements for the process of creation, but works resulting from mere routine are not considered to hold the necessary originality.

### 1.2 On the presumption that copyright can arise in literary, artistic and musical works, are there any other works in which copyright can subsist and are there any works which are excluded from copyright protection?

The Norwegian Copyright Act presents a non-exhaustive list of typically protected works, including literary and professional texts, speeches, plays, musical works, films, photography, paintings, drawings, sculptures, architecture (including models and drawings), handicraft, maps, computer programs and translations and adaptations of aforesaid works.

The Norwegian Trademark Act does not offer protection for a mere idea – the work needs to be somehow fixated and separated from the creator's persona.

### 1.3 Is there a system for registration of copyright and if so what is the effect of registration?

No, copyright subsists upon creation of the work.

### 1.4 What is the duration of copyright protection? Does this vary depending on the type of work?

For copyrighted works (refer to question 1.2), protection lasts for the life of the author and a further 70 years from the end of the calendar year in which the author dies. If there is more than one author, the protection period will last 70 years after the calendar year in which the longest-living contributor dies.

Some neighbouring rights have different protection periods:

- The producer's exclusive right to a film or a sound recording lasts 50 years from the end of the calendar year in which the

film or sound recording was made. If made available to the public within 50 years from the end of the calendar year of its creation, the producer holds the exclusive right to a film for 50 years from the end of the calendar year after such release and to a sound recording for 70 years from the end of the calendar year after such release.

- A broadcaster holds the exclusive right to a broadcast 50 years from the end of the calendar year in which the broadcast was first broadcasted.
- The exclusive right to a photograph lasts 15 years from the end of the calendar year in which the photographer dies, but will not last less than 50 years after the photograph was taken (a photograph may qualify as a copyrighted work; refer to question 1.1).

### 1.5 Is there any overlap between copyright and other intellectual property rights such as design rights and database rights?

A copyright work can be registered as a design or trademark with the Norwegian Industrial Property Office, if it fulfils the requirements for such registrations. Databases may be protected by the *sui generis* database right, regulated by the Copyright Act, which requires a certain investment in the creation of the database.

### 1.6 Are there any restrictions on the protection for copyright works which are made by an industrial process?

No, there are none. Refer to question 1.1.

## 2 Ownership

### 2.1 Who is the first owner of copyright in each of the works protected (other than where questions 2.2 or 2.3 apply)?

The author – the person or persons making the necessary original and individual creative effort – becomes the sole proprietor of the copyright upon creation of the work.

### 2.2 Where a work is commissioned, how is ownership of the copyright determined between the author and the commissioner?

The author is the copyright holder, not the commissioner. The assignment of copyright to the commissioner is subject to the

agreement, whereas legal theory and case law suggests that rights are assigned to the commissioner to the extent necessary and reasonable. An agreement clearly stating the assignment of copyright is advisable.

### **2.3 Where a work is created by an employee, how is ownership of the copyright determined between the employee and the employer?**

The employer is to be considered the author, but copyright to the work is assigned to the employer if the employer's task is to create such works, and only to the extent necessary and reasonable for the employment contract to be fulfilled.

### **2.4 Is there a concept of joint ownership and, if so, what rules apply to dealings with a jointly owned work?**

Yes. Joint ownership may exist where more than one author has contributed to the work, either in such a manner that each contribution is specific and identifiable, or where the contributions are identifiable in the result. The authors share the copyright, whereas, e.g., consent from all authors is necessary for the first publication of the work.

## **3 Exploitation**

### **3.1 Are there any formalities which apply to the transfer/assignment of ownership?**

Assignment of ownership requires a clear agreement, identifying the scope of assignment. The Copyright Act and case law set out provisions that an agreement concerning assignment of copyright, if unclear, shall be interpreted in favour of the author. The author has a statutory right to fair compensation, and shall agree to the right to further assignment of ownership from the assignee to a third party.

### **3.2 Are there any formalities required for a copyright licence?**

Please see the response to question 3.1 – the same rules will apply for partial assignment/licence.

### **3.3 Are there any laws which limit the licence terms parties may agree (other than as addressed in questions 3.4 to 3.6)?**

Please see the response to question 3.1.

### **3.4 Which types of copyright work have collective licensing bodies (please name the relevant bodies)?**

TONO/NCB administers rights for composers and lyricists, BONO for fine arts, KOPINOR for books, newspapers and magazines, GRAMO for performing artists and phonogram producers and NORWACO for secondary use of audiovisual works.

### **3.5 Where there are collective licensing bodies, how are they regulated?**

The Ministry of Culture approves collective licensing bodies. Collective licensing bodies must represent a majority of the rights

holders in the relevant field and shall report any circumstances that may affect approval to the Ministry of Culture.

### **3.6 On what grounds can licence terms offered by a collective licensing body be challenged?**

Disputes concerning licence terms may be solved by *Vederlagsnemnda*, an administrative tribunal appointed by Oslo District Court.

## **4 Owners' Rights**

### **4.1 What acts involving a copyright work are capable of being restricted by the rights holder?**

Please see the responses to questions 3.1 and 4.2.

### **4.2 Are there any ancillary rights related to copyright, such as moral rights, and if so what do they protect, and can they be waived or assigned?**

Moral rights include the right to be credited as the author of the work (limited to a practical extent), and prohibition against making the work available to the public in a manner that may violate the work's and/or the author's reputation or character. Such rights may not be waived or assigned.

### **4.3 Are there circumstances in which a copyright owner is unable to restrain subsequent dealings in works which have been put on the market with his consent?**

The author may not restrain subsequent dealings in works which have been put on the market with his/her consent within the EEC.

## **5 Copyright Enforcement**

### **5.1 Are there any statutory enforcement agencies and, if so, are they used by rights holders as an alternative to civil actions?**

No, there are no statutory enforcement agencies in Norway, and rights holders must enforce their rights through civil or criminal actions. Custom authorities may assist in seizing infringing items.

### **5.2 Other than the copyright owner, can anyone else bring a claim for infringement of the copyright in a work?**

The holder of an exclusive licence can bring a claim for infringement, as can collective societies (see question 3.4 above).

### **5.3 Can an action be brought against 'secondary' infringers as well as primary infringers and, if so, on what basis can someone be liable for secondary infringement?**

Yes, an action may be brought against any party who participates in an infringement, whether as primary or secondary infringers.

### **5.4 Are there any general or specific exceptions which can be relied upon as a defence to a claim of infringement?**

There are a number of specific exceptions provided in the Norwegian

Act, such as private use, quotations, educational use in classrooms, museum catalogues, etc.

### 5.5 Are interim or permanent injunctions available?

Yes. Interim injunctions may be filed prior to a claim on the merits, or at the same time. The claimant must substantiate that there is an infringement (or will be shortly), and that the infringement will cause harm that cannot easily be repaired later (through the claim on the merits).

### 5.6 On what basis are damages or an account of profits calculated?

Damages are calculated either as a reasonable fee for unauthorised use, as damages for a financial loss resulting from the unauthorised use or on the basis of the financial profit gathered from the unauthorised use. The Act stipulates that the basis resulting in the highest damages shall be used. The amount may be higher or lower depending on the degree of culpability of the infringer.

### 5.7 What are the typical costs of infringement proceedings and how long do they take?

The cost will depend on the complexity of the matter, the number of submissions filed, the number of days for the hearing, etc. The total cost may vary significantly, but will typically span from NOK 100,000 to 400,000, although higher costs are foreseeable for particularly complex matters.

### 5.8 Is there a right of appeal from a first instance judgment and if so what are the grounds on which an appeal may be brought?

A first instance decision may be appealed to the Court of Appeal based on the first instance failure of assessing either the facts or the law, or based on procedural error.

### 5.9 What is the period in which an action must be commenced?

An action can be brought at any time and there are no particular time limits for obsolescence of claims. However, if an infringement has been tolerated for a longer period, it may be deemed forfeited.

## 6 Criminal Offences

### 6.1 Are there any criminal offences relating to copyright infringement?

Yes, copyright infringement may be subject to criminal proceedings.

### 6.2 What is the threshold for criminal liability and what are the potential sanctions?

The infringement must be a wilful act. The sanctions are fines or imprisonment of up to three years.

## 7 Current Developments

### 7.1 Have there been, or are there anticipated, any significant legislative changes or case law developments?

A new Act on Copyright entered into force in the summer of 2018 (July 1, 2018). It is mainly a modernisation of the previous Act, although there are some new provisions particularly in relation to digital content, streaming, etc. At the moment, there is anticipation as the provisions of the new Act need to be tried by the Courts to see how they will be interpreted.

### 7.2 Are there any particularly noteworthy issues around the application and enforcement of copyright in relation to digital content (for example, when a work is deemed to be made available to the public online, hyperlinking, etc.)?

Streaming of works that “obviously” have been made available in violation of the Act has been made illegal. The practical consequences of the provisions are that streaming from sources known to offer material without the consent of the proprietor will become illegal and it will not matter what technology is used to make the material available. The purpose of the provisions is to target the streaming of music or movies that are obviously illegally available on the Internet, for example through file-sharing services.



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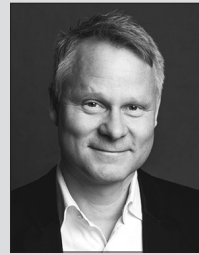
Magnus Thomassen is an attorney-at-law, with specialisation in copyright, trademarks and designs and patent law. He also holds a degree as a film producer from the Norwegian Film School.

Magnus has a great interest in and hands-on experience from the entertainment industry.

In 2008, he founded and held the position of CEO in Art on Earth AS, a company providing digital distribution of music. After law school Magnus provided legal services for the entertainment industry through his own consultancy, which included being an in-house legal adviser in one of Norway's leading artist management agencies.

Since 2013, he has worked as an attorney-at-law within intellectual property law, contract law and real estate.

Magnus has extensive experience in providing legal advice within copyright law, including setup, revision and negotiation of agreements for clients in, among others, the music and film industries. He also assists clients in issues relating to trademark law and privacy law.

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Espen Clausen provides clients with advice on intellectual property rights with an emphasis on trademarks and designs. Espen has a great deal of experience in both contentious and non-contentious matters, in the fields of trademarks, copyright, designs and domain names.

Espen joined Acapo in June 2011. He has a law degree from the University of Oslo (2000), with specialty in copyright, industrial and information/communication law. Espen has six years' experience as a legal officer in the Design and Trademark Department of the Norwegian Industrial Property Office, and has worked as a lawyer and Head of Legal Department for other IP firms in the past.

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Acapo is a Norwegian IP firm focusing on enforcement, protection and management of IP rights; in particular, trademarks, patents, industrial design and copyright. The firm has a strong position amongst Norwegian companies within the industries of fish farming, oil and gas, fashion, pharmaceuticals, computer science, entertainment and food. We manage large trademark portfolios, both for our Norwegian clients worldwide, and for international clients in Norway. All our lawyers have expertise in trademark prosecution and in trademark infringement matters. The history of the company dates back to 1924, when the company was founded as Bergen Patentkontor.

# Philippines

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## 1 Copyright Subsistence

### 1.1 What are the requirements for copyright to subsist in a work?

Original intellectual creations in the literary and artistic domain are protected under the provisions of the Intellectual Property Code of the Philippines (**IP Code**).

### 1.2 On the presumption that copyright can arise in literary, artistic and musical works, are there any other works in which copyright can subsist and are there any works which are excluded from copyright protection?

Apart from literary, artistic and musical works, other works covered by copyright include: architecture; computer programs; advertisements; and maps and technical drawings. The following derivative works are also protected by copyright: (a) dramatisations, translations, adaptations, abridgments, arrangements, and other alterations of literary or artistic works; and (b) collections of literary, scholarly or artistic works, and compilations of data and other materials which are original by reason of the selection or coordination or arrangement or their contents.

However, no protection shall extend, under the IP Code, to: any idea, procedure, system method or operation, concept, principle, discovery or mere data as such, even if they are expressed, explained, illustrated or embodied in a work; daily news and other miscellaneous facts having the character of mere items of press information; or any official text of a legislative, administrative or legal nature, as well as any official translation thereof.

In addition, no copyright shall subsist in any work of the Government of the Philippines. However, prior approval of the Government agency or office wherein the work is created shall be necessary for exploitation of such work for profit. Such agency or office may, among other things, impose as a condition the payment of royalties. No prior approval or conditions shall be required for the use for any purpose of statutes, rules and regulations, and speeches, lectures, sermons, addresses, and dissertations, pronounced, read or rendered in courts of justice, before administrative agencies, in deliberative assemblies and in meetings of public character.

### 1.3 Is there a system for registration of copyright and if so what is the effect of registration?

The IP Code provides for the registration and deposit of copyrighted works with the National Library and the Supreme Court Library. However, in a Memorandum of Agreement signed on January 25, 2011, the National Library deputised the Intellectual Property Office of the Philippines (**IPO**) as a receiving office for the registration and deposit of copyrighted works. To implement the said deputisation, the Guidelines for Copyright Registration and Deposit was formulated, which includes, among others, a procedure for the registration and deposit of copyrighted works with the Intellectual Property Satellite Offices (**IPSOs**) of the IPO. The said Guidelines did not, however, affect the system of deposit of works in the field of law maintained by the Supreme Court Library.

Copyright protection exists from the moment of creation. Works are protected by the sole fact of their creation, irrespective of their mode or form of expression, as well as of their content, quality and purpose. Accordingly, registration is not a mandatory requirement for the protection of a copyrighted work. However, registration establishes a public record of the copyright claim.

### 1.4 What is the duration of copyright protection? Does this vary depending on the type of work?

Copyright in literary, artistic and derivative works under Sections 172 and 173 of the IP Code shall be protected during the life of the author and for fifty (50) years after his death. This rule also applies to posthumous works.

In the case of works of joint authorship, the economic rights shall be protected during the life of the last surviving author and for fifty (50) years after his death.

In the case of anonymous or pseudonymous works, the copyright shall be protected for fifty (50) years from the date on which the work was first lawfully published, provided that where, before the expiration of the said period, the author's identity is revealed or is no longer in doubt, the provisions of Subsections 213.1 and 213.2 of the IP Code shall apply, as the case may be, provided, further, that such works, if not published before, shall be protected for fifty (50) years counted from the making of the work.

In the case of works of applied art, the protection shall be for a period of twenty-five (25) years from the date of making.

In the case of photographic works, the protection shall be for fifty (50) years from publication of the work and, if unpublished, fifty (50) years from the making.

In the case of audio-visual works, including those produced by a process analogous to photography or any process for making audio-visual recordings, the term shall be fifty (50) years from the date of publication and, if unpublished, from the date of its creation.

The term of protection subsequent to the death of the author provided in the preceding section shall run from the date of his death or of publication, but such terms shall always be deemed to begin on the first day of January of the year following the event which gave rise to them.

The rights granted to performers and producers of sound recordings under the IP Code shall expire:

- (a) for performances not incorporated in recordings, fifty (50) years from the end of the year in which the performance took place; and
- (b) for sound or image and sound recordings and for performances incorporated therein, fifty (50) years from the end of the year in which the recording took place.

In the case of broadcasts, the term shall be twenty (20) years from the date the broadcast took place. The extended term shall be applied only to old works with subsisting protection under the prior law.

#### 1.5 Is there any overlap between copyright and other intellectual property rights such as design rights and database rights?

Yes. The same industrial product can be protected by both a design right and a copyright. Under Section 172.1 (h) of the IP Code, original ornamental designs or models for articles of manufacture, whether or not registrable as an industrial design, and other works of applied art, are enumerated specifically as works protected by copyright. On the other hand, for an industrial product to be protected by a design right, it must be a new and original creation, pursuant to Rule 1502 and Rule 1505 of the Revised Implementing Rules for Patents, Utility Models and Industrial Designs (RIRR).

#### 1.6 Are there any restrictions on the protection for copyright works which are made by an industrial process?

The IP Code of the Philippines does not squarely address or define copyright works which are made by an industrial process. Therefore, this is not applicable.

## 2 Ownership

#### 2.1 Who is the first owner of copyright in each of the works protected (other than where questions 2.2 or 2.3 apply)?

Copyright ownership shall be governed by the following rules:

Subject to the relevant provisions of the IP Code, in the case of original literary and artistic works, copyright shall belong to the author of the work.

In the case of works of joint authorship, the co-authors shall be the original owners of the copyright, and in the absence of an agreement, their rights shall be governed by the rules on co-ownership. If,

however, a work of joint authorship consists of parts that can be used separately and the author of each part can be identified, the author of each part shall be the original owner of the copyright in the part that he has created.

In the case of work created by an author during and in the course of his employment, the copyright shall belong to:

- (a) The employee, if the creation of the object of copyright is not a part of his regular duties even if the employee uses the time, facilities and materials of the employer.
- (b) The employer, if the work is the result of the performance of his regularly assigned duties, unless there is an agreement, express or implied, to the contrary.

In the case of a work commissioned and paid for by a person other than an employer and where such work is made in pursuance of the commission, the person who so commissioned the work shall have ownership of the work, but the copyright thereto shall remain with the creator, unless there is a written stipulation to the contrary.

In the case of audio-visual work, the copyright shall belong to the producer, the author of the scenario, the composer of the music, the film director, and the author of the work so adapted. However, subject to contrary or other stipulations among the creators, the producers shall exercise the copyright to an extent required for the exhibition of the work in any manner, except for the right to collect performing licence fees for the performance of musical compositions, with or without words, which are incorporated into the work.

In respect of letters, the copyright shall belong to the writer, subject to the provisions of Article 723 of the Civil Code of the Philippines.

The publishers shall be deemed to represent the authors of articles and other writings published without the names of the authors or under pseudonyms, unless the contrary appears, or the pseudonym or adopted name leaves no doubt as to the author's identity, or if the author of the anonymous works discloses his identity.

#### 2.2 Where a work is commissioned, how is ownership of the copyright determined between the author and the commissioner?

Please see the answer to question 2.1.

#### 2.3 Where a work is created by an employee, how is ownership of the copyright determined between the employee and the employer?

Please see the answer to question 2.1.

#### 2.4 Is there a concept of joint ownership and, if so, what rules apply to dealings with a jointly owned work?

Please see the answer to question 2.1.

## 3 Exploitation

#### 3.1 Are there any formalities which apply to the transfer/assignment of ownership?

Under the relevant provisions of the Civil Code of the Philippines, an assignment of a right or action shall produce no effect as against a third person, unless it appears in a public instrument.

A copyright is not deemed assigned *inter vivos* in whole or in part unless there is a written indication of such intention.

### 3.2 Are there any formalities required for a copyright licence?

In the Philippines, licensing of all forms of intellectual property rights falls under the rubric of a “technology transfer arrangement” (TTA). Section 4.2 of the IP Code covers contracts involving the transfer of systematic knowledge for the manufacture of a product, the application of a process, or the rendering of a service, including management contracts, and the transfer, assignment or licensing of all forms of intellectual property rights, including licensing of computer software, except computer software developed for the mass market.

A TTA must meet the requirements under Chapter IX of the IP Code on Voluntary Licensing, particularly Sections 87 and 88 on prohibited clauses and mandatory provisions. As a general rule, the recordation of a TTA is not mandatory under the IP Code. The non-recordation of a TTA does not affect the enforceability or validity of the agreement. However, parties to a technology transfer arrangement must ensure that their contract complies with the mandatory and prohibited clauses of the IP Code, otherwise the contract will be deemed automatically unenforceable.

### 3.3 Are there any laws which limit the licence terms parties may agree (other than as addressed in questions 3.4 to 3.6)?

Please see the answer to question 3.2.

### 3.4 Which types of copyright work have collective licensing bodies (please name the relevant bodies)?

The Filipinas Copyright Licensing Society, Inc. (FILCOLS) is the collective management organisation (CMO) officially accredited by the Government through the IPO to collectively administer, license, and enforce the right of reproduction of authors, publishers and other right-holders in the text and image sector. FILCOLS is a member of the Brussels-based International Federation of Reproduction Rights Organizations.

The Filipino Society of Composers, Authors and Publishers, Inc. (FILSCAP) undertakes collective rights management for public performances and the use of songs in television and radio broadcasts and movies. FILSCAP's responsibility of royalty collecting extends to members of foreign affiliates such as the American Society of Composers, Authors, and Publishers (ASCAP), Broadcast Music Inc. (BMI), Composers and Authors Society of Hong Kong (CASH), and more than 50 other organisations. FILSCAP is the holder of deeds of assignment to collect royalties from artists in the Philippines and abroad.

The Filipino Visual Arts and Design Rights Organization (FILVADRO) is recognised as the CMO for Philippine visual arts and design by the World Intellectual Property Organization (WIPO), Intellectual Property Philippines (IPP), the National Commission for Culture and the Arts (NCCA) and the Cultural Center of the Philippines (CCP).

The Performing Rights Society of the Philippines (PRSP) acts as the collecting society of performers (actors, musicians, dancers, etc.) whose works are used for commercial broadcast and other ways of communication to the public to gain profit. It is composed of the following member guilds and organisations: (i) OPM – *Organisasyon ng Pilipinong Mangaawit* (Organisation of Filipino Singers); (ii) KAPPT – *Katipunan ng mga Artista sa Pelikulang Pilipino at Telebisyon* (Film and Television Actors'

Guild); (iii) AMP – *Asosasyon ng Musikong Pilipino* (Filipino Musicians' Association); (iv) PHILSTAGE – Philippine Legitimate Stage Artists Group, Inc. (Theatre, Dance and Music Companies/Organisations); and (v) FAP – Film Academy of the Philippines.

### 3.5 Where there are collective licensing bodies, how are they regulated?

For the societies/licensing bodies to enforce the rights of their members, they shall first secure the necessary accreditation from the IPO.

### 3.6 On what grounds can licence terms offered by a collective licensing body be challenged?

The IP Code is silent on this matter. However, Article 1306 of the Civil Code of the Philippines states that clauses, conditions, procedures, or formalities of contracts may not be “contrary to law, morals, good customs, public order, or public policy”. Likewise, Article 1159 of the Civil Code of the Philippines imposes a duty of good faith between parties to a contract. Articles 19 and 21 of the Civil Code of the Philippines contain general good faith and abuse of right provisions that could potentially be invoked by an aggrieved party.

## 4 Owners' Rights

### 4.1 What acts involving a copyright work are capable of being restricted by the rights holder?

Subject to the relevant provisions of Chapter VIII of the IP Code (Limitations on Copyright), copyright or economic rights shall consist of the exclusive right to carry out, authorise or prevent the following acts:

- (a) reproduction of the work or substantial portion of the work;
- (b) dramatisation, translation, adaptation, abridgment, arrangement or other transformation of the work;
- (c) the first public distribution of the original and each copy of the work by sale or other forms of transfer of ownership;
- (d) rental of the original or a copy of an audio-visual or cinematographic work, a work embodied in a sound recording, a computer program, a compilation of data and other materials or a musical work in graphic form, irrespective of the ownership of the original or the copy which is the subject of the rental;
- (e) public display of the original or a copy of the work;
- (f) public performance of the work; and
- (g) other communication to the public of the work.

Subject to the provisions of Section 212 of the IP Code, performers shall enjoy the following exclusive rights:

- (a) As regards their performances, the right of authorising:
  - (i) the broadcasting and other communication to the public of their performance; and
  - (ii) the fixation of their unfixed performance.
- (b) The right of authorising the direct or indirect reproduction of their performances fixed in sound recordings or audio-visual works or fixations in any manner or form.
- (c) Subject to the provisions of Section 206 of the IP Code, the right of authorising the first public distribution of the original and copies of their performance fixed in sound recordings or audio-visual works or fixations through sale or rental or other forms of transfer of ownership.



- (d) The right of authorising the commercial rental to the public of the original and copies of their performances fixed in sound recordings or audio-visual works or fixations, even after distribution of them by, or pursuant to the authorisation by, the performer.
- (e) The right of authorising the making available to the public of their performances fixed in sound recordings or audio-visual works or fixations, by wire or wireless means, in such a way that members of the public may access them from a place and time individually chosen by them.

Subject to the provisions of Section 212 of the IP Code, producers of sound recordings shall enjoy the following exclusive rights:

- (a) The right to authorise the direct or indirect reproduction of their sound recordings, in any manner or form; the placing of these reproductions in the market and the right of rental or lending.
- (b) The right to authorise the first public distribution of the original and copies of their sound recordings through sale or rental or other forms of transferring ownership.
- (c) The right to authorise the commercial rental to the public of the original and copies of their sound recordings, even after distribution by them or pursuant to authorisation by the producer.
- (d) The right to authorise the making available to the public of their sound recordings in such a way that members of the public may access the sound recording from a place and at a time individually chosen or selected by them, as well as other transmissions of a sound recording with a similar effect.

Subject to the provisions of Section 212 of the IP Code, broadcasting organisations shall enjoy the exclusive right to carry out, authorise or prevent any of the following acts:

- (a) the rebroadcasting of their broadcasts;
- (b) the recording in any manner, including the making of films or the use of video tape, of their broadcasts for the purpose of communication to the public of television broadcasts of the same; and
- (c) the use of such recordings for fresh transmissions or for fresh recordings.

#### **4.2 Are there any ancillary rights related to copyright, such as moral rights, and if so what do they protect, and can they be waived or assigned?**

The author of a work shall, independently of the economic rights in Section 177 of the IP Code or the grant of an assignment or licence with respect to such right, have the right to:

- (a) require that the authorship of the works be attributed to him, in particular, the right that his name, as far as practicable, be indicated in a prominent way on the copies, and in connection with the public use of his work;
- (b) make any alterations to his work prior to publication, or to withhold it from publication;
- (c) object to any distortion, mutilation or other modification of, or other derogatory action in relation to, his work which would be prejudicial to his honour or reputation; and
- (d) restrain the use of his name with respect to any work not of his own creation or in a distorted version of his work.

An author may waive his moral rights by a written instrument, but no such waiver shall be valid where its effect is to permit another:

- (a) to use the name of the author, or the title of his work, or otherwise to make use of his reputation with respect to any version or adaptation of his work which, because of alterations therein, would substantially tend to injure the literary or artistic reputation of another author; or

- (b) to use the name of the author with respect to a work he did not create.

When an author contributes to a collective work, his right to have his contribution attributed to him is deemed waived unless he expressly reserves it.

Independently of a performer's economic rights, the performer shall, as regards his live aural performances or performances fixed in sound recordings or in audio-visual works or fixations, have the right to claim to be identified as the performer of his performances, except where the omission is dictated by the manner of the use of the performance, and to object to any distortion, mutilation or other modification of his performances that would be prejudicial to his reputation.

#### **4.3 Are there circumstances in which a copyright owner is unable to restrain subsequent dealings in works which have been put on the market with his consent?**

Section 177.3 of the IP Code gives a copyright owner the exclusive right to control the first public distribution of the original and each copy of the work by sale or other forms of transfer of ownership. Accordingly, the copyright owner loses rights to his work, and cannot control disposition of such work, after the first authorised sale or transfer (e.g., the purchaser may resell, donate or give-away the copyrighted work) akin to the first-sale or exhaustion doctrine. It must be noted, however, that the first-sale or exhaustion doctrine pertains only to the right of a purchaser to transfer, and thus exhausts only the distribution right. The said doctrine does not affect or limit the moral rights of the copyright owner, and applies only when the purchaser has lawfully acquired the copyrighted work.

## **5 Copyright Enforcement**

#### **5.1 Are there any statutory enforcement agencies and, if so, are they used by rights holders as an alternative to civil actions?**

Yes. The IP Code grants visatorial powers to the IPO and allows it to undertake enforcement functions with the support of concerned agencies such as the Philippine National Police, National Bureau of Investigation, Bureau of Customs, Optical Media Board and Local Government Units. However, as IP rights remain private rights, there must be a complaint from the IP right owner.

#### **5.2 Other than the copyright owner, can anyone else bring a claim for infringement of the copyright in a work?**

In general, only intellectual property rights owners have the right to bring actions for infringement. For copyright, the right to bring an action for infringement belongs to the copyright owner. However, since intellectual property rights are assignable, it is possible that the right to bring an action for infringement may likewise be assigned. The assignment of such right, however, must be expressly provided.

#### **5.3 Can an action be brought against 'secondary' infringers as well as primary infringers and, if so, on what basis can someone be liable for secondary infringement?**

Under the IP Code, an action for infringement may be brought against a person who:

- (a) directly commits an infringement;
- (b) benefits from the infringing activity of another person who commits an infringement if the person benefiting has been

- given notice of the infringing activity and has the right and ability to control the activities of the other person; or
- (c) with knowledge of the infringing activity, induces, causes or materially contributes to the infringing conduct of another.

#### 5.4 Are there any general or specific exceptions which can be relied upon as a defence to a claim of infringement?

The following may be raised as a defence to a claim of infringement:

1. The copyright owner cannot recover damages for acts of infringement committed more than four years before the institution of the action for infringement.
2. Non-liability under Section 184 of the IP Code, which provides that the following acts shall not constitute copyright infringement:
  - (a) The recitation or performance of a work, once it has been lawfully made accessible to the public, if done privately and free of charge or if made strictly for a charitable or religious institution or society.
  - (b) The making of quotations from a published work if they are compatible with fair use and only to the extent justified for the purpose, including quotations from newspaper articles and periodicals in the form of press summaries: provided that the source and the name of the author, if appearing on the work, are mentioned.
  - (c) The reproduction or communication to the public by mass media of articles on current political, social, economic, scientific or religious topics; lectures, addresses and other works of the same nature, which are delivered in public, if such use is for information purposes and has not been expressly reserved, provided that the source is clearly indicated.
  - (d) The reproduction and communication to the public of literary, scientific or artistic works as part of reports of current events by means of photography, cinematography or broadcasting to the extent necessary for the purpose.
  - (e) The inclusion of a work in a publication, broadcast, or other communication to the public; sound recording or film, if such inclusion is made by way of illustration for teaching purposes and is compatible with fair use, provided that the source and the name of the author, if appearing in the work, are mentioned.
  - (f) The recording made in schools, universities, or educational institutions of a work included in a broadcast for the use of such schools, universities or educational institutions, provided that such recording be deleted within a reasonable period after it was first broadcast and, further, provided that such recording may not be made from audio-visual works which are part of the general cinema repertoire of feature films except for brief excerpts of the work.
  - (g) The making of ephemeral recordings by a broadcasting organisation by means of its own facilities and for use in its own broadcasts.
  - (h) The use made of a work by, or under the direction or control of the Government, by the National Library or by educational, scientific or professional institutions where such use is in the public interest and is compatible with fair use.
  - (i) The public performance or communication to the public of a work, in a place where no admission fee is charged in respect of such public performance or communication, by a club or institution for charitable or educational purposes only and whose aim is not profit making, subject to such other limitations as may be provided in the Regulations.

- (j) Public display of the original or a copy of the work not made by means of a film, slide, television image or otherwise on screen or by means of any other device or process, provided that either the work has been published or the original or the copy displayed has been sold, given away or otherwise transferred to another person by the author or his successor in title.
  - (k) Any use made of a work for the purpose of any judicial proceedings, or for the giving of professional advice by a legal practitioner.
  - (l) The reproduction or distribution of published articles or materials in a specialised format exclusively for the use of a blind, visually- or reading-impaired person, provided that such copies and distribution shall be made on a non-profit basis and shall indicate the copyright owner and the date of the original publication.
3. The acts alleged to be copyright infringement constitute fair use under Section 185 of the IP Code, which provides that the fair use of a copyrighted work for criticism, comment, news reporting, teaching (including a limited number of copies for classroom use), scholarship, research, and similar purposes is not an infringement of copyright. Decompilation, which is understood to be the reproduction of the code and translation of the forms of the computer program to achieve the interoperability of an independently created computer program with other programs, may also constitute fair use to the extent that such decompilation is done for the purpose of obtaining the information necessary to achieve such interoperability.
  4. The acts alleged to constitute copyright infringement constitute permissible copying or reprographic reproduction by exempt institutions under Section 184 and Section 188 of the IP Code, which provide that any library or archive whose activities are not for profit may, without the authorisation of the author or copyright owner, make a limited number of copies of the work, as may be necessary for such institutions to fulfil their mandate, by reprographic reproduction in the following cases:
    - (a) Where the work by reason of its fragile character or rarity cannot be lent to users in its original form.
    - (b) Where the works are isolated articles contained in composite works or brief portions of other published works and the reproduction is necessary to supply them, when this is considered expedient, to persons requesting their loan for purposes of research or study instead of lending the volumes or booklets which contain them.
    - (c) Where the making of such limited copies is in order to preserve and, if necessary in the event that it is lost, destroyed or rendered unusable, replace a copy, or to replace, in the permanent collection of another similar library or archive, a copy which has been lost, destroyed or rendered unusable and copies are not available with the publisher.
  5. In the case of computer programs, the reproduction is permissible under Section 189 of the IP Code, which provides that reproduction in one (1) back-up copy or adaptation of a computer program shall be permitted, without the authorisation of the author of, or other owner of copyright in, a computer program, by the lawful owner of that computer program, provided that the copy or adaptation is necessary for:
    - (a) the use of the computer program in conjunction with a computer for the purpose and to the extent for which the computer program has been obtained; and
    - (b) archival purposes, and for the replacement of the lawfully owned copy of the computer program in the event that the lawfully obtained copy of the computer program is lost, destroyed or rendered unusable.

### 5.5 Are interim or permanent injunctions available?

Yes, an aggrieved IP owner may request for the issuance of interim and permanent injunctions.

- (i) A preliminary injunction may be granted by the Trial Court at any time after the commencement of the action and before judgment, when it is established that: (a) the plaintiff is entitled to the relief demanded, and the whole or part of such relief consists in restraining the commission or continuance of the acts complained of, or in the performance of an act or acts, either for a limited period or perpetually; (b) the commission or continuance of some act complained of during the litigation or the non-performance thereof would probably work injustice to the plaintiff; or (c) the defendant is doing, threatens, or is about to do, or is procuring or suffering to be done, some act probably in violation of the plaintiff's rights respecting the subject of the action, and tending to render the judgment ineffectual, and only when: (x) the complaint in the action is verified, and shows facts entitling the plaintiff to the relief demanded; and (y) the plaintiff files with the clerk or judge of the court in which the action is pending a bond executed to the party enjoined, in an amount to be fixed by the court, to the effect that the plaintiff will pay to such party all damages which he may sustain by reason of the injunction if the court should finally decide that the plaintiff was not entitled thereto. A preliminary injunction may also be obtained from the Bureau of Legal Affairs (BLA) of the IPO based on substantially the same grounds and requirements as mentioned above.
- (ii) A permanent (final) injunction would be granted if the plaintiff prevails in the action before the Trial Court or the BLA. Judgments by the Trial Court granting an injunction are enforceable after their rendition and are not stayed by an appeal unless otherwise ordered by the trial court. On appeal from the judgment of the Trial Court, the appellate court at its discretion may order the suspension, modification or restoration of the injunction. The stay of execution shall be upon such terms as to bond or otherwise as may be considered proper for the security or protection of the rights of the adverse party. On the other hand, judgments by the BLA (including those granting a permanent injunction) may, upon motion of the prevailing party with notice to the adverse party or *motu proprio*, and upon filing of an approved bond, be executed even before the expiration of the time to appeal has lapsed, upon good reasons to be stated in the BLA Order. The execution pending appeal may be stayed by the filing of an approved counterbond in an amount to be fixed by the BLA Director.

### 5.6 On what basis are damages or an account of profits calculated?

The liability of the defendant in a copyright infringement action for actual damages includes legal costs and other expenses of the plaintiff which he may have incurred due to the infringement, as well as the profits the defendant may have made due to such infringement. In proving profits, the plaintiff shall be required to prove sales only and the defendant shall be required to prove every element of cost which he claims or, *in lieu* of actual damages and profits, such damages which to the court shall appear to be just and shall not be regarded as a penalty, provided that the amount of damages to be awarded shall be doubled against any person who:

- (a) circumvents effective technological measures; or
- (b) having reasonable grounds to know that it will induce, enable, facilitate or conceal the infringement, remove or alter

any electronic rights management information from a copy of a work, sound recording, or fixation of a performance, or distribute, import for distribution, broadcast, or communicate to the public works or copies of works without authority, knowing that electronic rights management information has been removed or altered without authority.

The copyright owner may elect, at any time before final judgment is rendered, to recover instead of actual damages and profits, an award of statutory damages for all infringements involved in an action, in a sum equivalent to the filing fee of the infringement action but not less than 50,000 pesos (approximately US\$1,200). In awarding statutory damages, the court may consider the following factors:

- (a) the nature and purpose of the infringing act;
- (b) the flagrancy of the infringement;
- (c) whether the defendant acted in bad faith;
- (d) the need for deterrence;
- (e) any loss that the plaintiff has suffered or is likely to suffer by reason of the infringement; and
- (f) any benefit shown to have accrued to the defendant by reason of the infringement.

In the case that the infringer was not aware and had no reason to believe that his acts constitute an infringement of copyright, the court at its discretion may reduce the award of statutory damages to a sum of no more than 10,000 pesos (approximately US\$235), provided that the amount of damages to be awarded shall be doubled against any person who:

- (a) circumvents effective technological measures; or
- (b) having reasonable grounds to know that it will induce, enable, facilitate or conceal the infringement, remove or alter any electronic rights management information from a copy of a work, sound recording or fixation of a performance, or distribute, import for distribution, broadcast, or communicate to the public works or copies of works without authority, knowing that electronic rights management information has been removed or altered without authority.

### 5.7 What are the typical costs of infringement proceedings and how long do they take?

Depending on varied factors, the costs of filing and prosecuting an infringement action before the Trial Court range from US\$100,000 to US\$300,000, while it would cost anywhere between US\$80,000 and US\$100,000 if filed before the BLA.

The length of the proceedings depends on a variety of factors, including the complexity of the legal and technical issues involved, the number of witnesses to be presented, the number of postponements of trial sought by the parties, as well as the caseload of the Trial Court and/or BLA handling the case. It may take as long as three (3) to five (5) years (from filing of the complaint) before a decision is issued by the Trial Court. Administrative proceedings in the BLA usually take around one (1) to three (3) years from the filing of the complaint for a case to be resolved on the merits.

### 5.8 Is there a right of appeal from a first instance judgment and if so what are the grounds on which an appeal may be brought?

The decision of the Trial Court may be appealed to the Court of Appeals on questions of facts and law.

Yes. Final orders or decisions of the Trial Court are, as a general rule, appealable to the Court of Appeals. Where only questions of law are raised or involved, the appeal shall be to the Supreme Court. Final orders or decisions of the BLA Director may be appealed to

the Director General of the IPO within thirty (30) days after the receipt of a copy thereof by the party affected. The decision or order of the Director General of the IPO may be appealed to the Court of Appeals.

#### 5.9 What is the period in which an action must be commenced?

The copyright owner cannot recover damages for acts of infringement committed more than four (4) years before the institution of the action for infringement.

### 6 Criminal Offences

#### 6.1 Are there any criminal offences relating to copyright infringement?

Yes, there are.

#### 6.2 What is the threshold for criminal liability and what are the potential sanctions?

Any person infringing any of the relevant provisions of the IP Code on Copyright or aiding or abetting such infringement shall be guilty of a crime punishable by imprisonment plus a fine. In all cases, subsidiary imprisonment may be imposed in cases of insolvency.

In determining the number of years of imprisonment and the amount of the fine, the court shall consider the value of the infringing materials that the defendant has produced or manufactured, and the damage that the copyright owner has suffered by reason of the infringement. The respective maximum penalty shall be imposed when the infringement is committed by:

- (a) the circumvention of effective technological measures;
- (b) the removal or alteration of any electronic rights management information from a copy of a work, sound recording, or fixation of a performance, by a person, knowingly and without authority; or

- (c) the distribution, importation for distribution, broadcast, or communication to the public of works or copies of works, by a person without authority, knowing that electronic rights management information has been removed or altered without authority.

Any person who at the time when copyright subsists in a work has in his possession an article which he knows, or ought to know, to be an infringing copy of the work for the purpose of:

- (a) selling, letting for hire, or by way of trade offering or exposing for sale or hire, the article;
- (b) distributing the article for the purpose of trade, or for any other purpose to an extent that will prejudice the rights of the copyright owner in the work; or
- (c) trade exhibit of the article in public,

shall be guilty of an offence and shall be liable on conviction to imprisonment and a fine, as mentioned above.

In an infringement action, the court shall also have the power to order the seizure and impounding of any article which may serve as evidence in the court proceedings, in accordance with the rules on search and seizure involving violations of intellectual property rights issued by the Supreme Court.

### 7 Current Developments

#### 7.1 Have there been, or are there anticipated, any significant legislative changes or case law developments?

There are no significant legislative changes or case law developments at the moment.

#### 7.2 Are there any particularly noteworthy issues around the application and enforcement of copyright in relation to digital content (for example, when a work is deemed to be made available to the public online, hyperlinking, etc.)?

Currently, there are no significant developments concerning these issues.

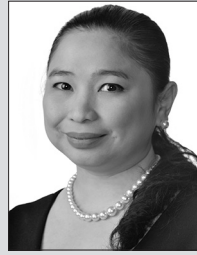


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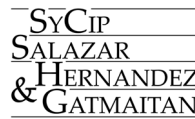
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SyCip Salazar Hernandez & Gatmaitan (SyCipLaw) was founded in 1945. It is the largest law firm in the Philippines. It has offices in Makati City, the country's business and financial centre, as well as Cebu, Davao and the Subic Freeport.

We offer a broad and integrated range of legal services, covering the following fields: banking, finance and securities; special projects; corporate services; general business law; tax; intellectual property; employment and immigration; and dispute resolution.

We have specialists in key practice areas such as mergers and acquisitions, energy, power, infrastructure, natural resources, transportation, government contracts, real estate, insurance, international arbitration, mediation, media, business process outsourcing, and technology.

We represent clients from almost every industry and enterprise, and the firm's client portfolio includes local and global business leaders. We also act for governmental agencies, international organisations, and non-profit institutions.

# Russia

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Nikolay Medvedev



## 1 Copyright Subsistence

### 1.1 What are the requirements for copyright to subsist in a work?

Copyright objects are scientific, literary and artistic works irrespective of the value, purpose, and manner of expression thereof. Only work which resulted from a creative effort can be protected by copyright. In practice, any work is considered creative, until proved otherwise.

For copyright to subsist in a work (both published and not), the latter must be embodied in an objective form, including orally.

Ideas, concepts, principles, methods, processes, systems, ways of solving technical and organisational problems and dealing with other tasks as well as discoveries, facts and programming languages are non-protectable.

### 1.2 On the presumption that copyright can arise in literary, artistic and musical works, are there any other works in which copyright can subsist and are there any works which are excluded from copyright protection?

The law sets out an open-ended list of works in which copyright may subsist, which include, *inter alia*: literary works; dramatic works; choreographic works and pantomimes; music works; audiovisual works; works of fine art, sculpture, graphics, and design; works of applied and scenographic art; architecture, town-planning and landscape works; photographic works; geographic or other maps, plans, sketches and three-dimensional works relative to geography and other sciences; and computer programs (which enjoy protection as literary works).

Copyright also subsists in derivative and composite works.

Some categories of works cannot be protected by copyright, namely: official documents, including laws and other normative acts; judicial decisions; official documents of international organisations, and their official translations; state symbols and signs; works of folk art (folklore) of no personal authorship; and coverage of events and facts with a purely informational character.

### 1.3 Is there a system for registration of copyright and if so what is the effect of registration?

For copyright to arise, be exercised and protected, a work does not have to be registered, nor must any other formalities be fulfilled.

At the same time, by request of the author/rightholder, copyright can be deposited with a specialised organisation (for example, the Russian Authors' Society) or with a notary public. Such deposition serves as a confirmation of the existence of copyright on a certain date and, if/when disputes arise, is considered to be one of the proofs in authorship or copyright infringement disputes.

A computer program or database can be deposited with the Federal Executive Authority on Intellectual Property (Rospatent) at the copyright holder's discretion and by his/her application which can be filed during the whole term of copyright of the computer program or database. Entries made into the register of computer programs or into that of databases are considered reliable, until proved otherwise.

### 1.4 What is the duration of copyright protection? Does this vary depending on the type of work?

Copyright protection lasts for the author's lifetime and 70 years *post-mortem*, starting from the 1<sup>st</sup> of January of the year following the year of the death of the author, or the last of the authors for works created in joint authorship. In case of anonymous or pseudonymous works, the term of copyright is 70 years after the work was lawfully published.

If the author was working during the Great Patriotic War or taking part in the same, the term of copyright shall be extended for four more years.

For works protected in accordance with international agreements, the term of copyright in these works in the Russian Federation shall not exceed the term fixed in the country of origin of the work.

When the term of copyright protection of a work expires, it falls into the public domain.

At the same time, pursuant to the law on museum funds and museums, the production of graphic products, printed matter, souvenirs and other items of mass production and fast-moving consumer goods bearing images of museum objects and museum collections is only allowed subject to the permission of the directorates of museums, even after the expiration of the term of copyright.

The right of authorship, the right of attribution, and the right of integrity of a work are protected indefinitely.

### 1.5 Is there any overlap between copyright and other intellectual property rights such as design rights and database rights?

The Russian law does not set out any limitations on the overlap of copyright and other intellectual property rights. In practice, the

only limitation on such overlap is the difference between criteria of protectability of copyright and those of other intellectual property rights.

Thus, a shape of a product can be simultaneously protected by copyright, design, and as a trademark if it is distinctive and can perform the individualising function. The so-called “subsequent overlapping” can also take place, in particular, when copyright goes into the public domain, while the subject matter continues to be protected by a trademark.

A database may be protected both by copyright (if the selection and arrangement of the materials result from creative activity), and by the *sui generis* database right (related right) (if the creation of the database has required substantial financial, material, organisational and other expenses).

#### **1.6 Are there any restrictions on the protection for copyright works which are made by an industrial process?**

No restrictions are imposed by the law for copyright works made by an industrial process.

## **2 Ownership**

#### **2.1 Who is the first owner of copyright in each of the works protected (other than where questions 2.2 or 2.3 apply)?**

An author of a work is an individual by whose creative effort the work was created. The general rule is that the author’s rights in a work, including economic rights, are initially reserved for its author, or authors if a work has been created in joint authorship of two or more individuals.

The person appearing as an author on the original or a copy of a work is considered to be its author, unless proved otherwise.

The economic right in an audiovisual work as a whole (for example, a cinematographic work) is reserved for a person who organised the creation of this work (producer), unless provided otherwise by agreements entered into between that person and the authors of the audiovisual work (director, script writer, and composer).

#### **2.2 Where a work is commissioned, how is ownership of the copyright determined between the author and the commissioner?**

When the performer is the author himself/herself, copyright in a commissioned work shall be owned by the performer (author). At the same time, such a commission agreement may also provide for the assignment of copyright in a work to the commissioner.

When the performer is a person other than the author of a work, copyright in a work created on the basis of a commission agreement shall be owned by the commissioner, unless otherwise provided for by the agreement.

When an agreement which did not provide directly for the creation of a work is made, copyright in the work created within the framework of such an agreement shall be owned by the performer, unless otherwise provided by the agreement.

#### **2.3 Where a work is created by an employee, how is ownership of the copyright determined between the employee and the employer?**

Copyright in a work created within the performance of an employee’s obligations under an employment agreement is owned by the employer, unless otherwise provided by the agreement between the employer and the author.

If within three years the employer fails to commence use of a work, to transfer the copyright to a third party, or to inform the author that it will be kept confidential, copyright of a commissioned work shall return to the author.

#### **2.4 Is there a concept of joint ownership and, if so, what rules apply to dealings with a jointly owned work?**

The joint ownership of copyright in a work may arise as a result of the creation of a work by a joint creative effort or the transfer of copyright to several persons, or as a result of copyright being inherited.

The rightholders dispose of the work jointly, unless otherwise provided by the agreement between them.

All profits made as a result of the joint ownership or as a result of the joint disposal of copyright in a work shall be distributed among all the rightholders equally, unless otherwise provided by the agreement between them.

Each of the rightholders shall have the right of independently taking measures to protect their rights.

## **3 Exploitation**

#### **3.1 Are there any formalities which apply to the transfer/assignment of ownership?**

A copyright assignment agreement has to be made in writing.

If a copyright assignment agreement fails to specify an amount of remuneration to be paid or a method of calculation of the same to be applied, it will not be deemed concluded.

According to the general rule, the gratuitous assignment of copyright is not allowed between commercial organisations.

If a computer program or a database is registered with the Federal Executive Authority on Intellectual Property (Rospatent), the transfer of the right to such a computer program or a database is subject to registration with the mentioned authority.

#### **3.2 Are there any formalities required for a copyright licence?**

Copyright licence agreements must be made in writing. Agreements granting the right of use of a work in the periodical press may be concluded orally.

If a copyright licence agreement fails to specify an amount of remuneration to be paid or a method of calculation of the same to be applied, the agreement will not be deemed concluded.

A non-exclusive computer program or database licence agreement with a user may be concluded through a simplified procedure by the user starting to use the computer program or database on the specified terms (“shrink-wrap” and “clickthrough” licences).

### 3.3 Are there any laws which limit the licence terms parties may agree (other than as addressed in questions 3.4 to 3.6)?

Gratuitous exclusive licences are not allowed between commercial enterprises on the whole territory of the world and for the whole term of copyright protection. The mentioned limitation is aimed at the prevention of the circumvention of the prohibition for the copyright assignment on a gratuitous basis between commercial enterprises.

### 3.4 Which types of copyright work have collective licensing bodies (please name the relevant bodies)?

Collective management organisations (CMOs) manage rights on the basis of contractual agreements granting the respective powers and concluded between such organisations and copyright holders in writing. A CMO accredited by the state (an accredited organisation) may also manage rights and collect remunerations for those copyright holders with whom no agreements have been concluded.

The law provides for the state accreditation of CMOs in the following spheres:

- 1) management of copyright in musical works made publicly available and in fragments of dramatico-musical works in relation to their public performance, broadcast or cable transmission (the accredited CMO – **Russian Authors' Society**);
- 2) exercising the right of authors of musical works used in an audiovisual work to obtain remuneration for the public performance, broadcast or cable transmission of such an audiovisual work (**Russian Authors' Society**);
- 3) managing the right of resale in relation to fine art works as well as original manuscripts (autographs) of literary and musical works (**Art Copyright Management Society**);
- 4) exercising the right of authors, performers, phonogram and audiovisual work producers to obtain remuneration for the reproduction of phonograms and audiovisual works for private use (**Russian Union of Rightholders**);
- 5) exercising the right of performers to obtain remuneration for the public use, broadcast or cable transmission of phonogram published for commercial purposes (**Russian Organization for Intellectual Property**); and
- 6) exercising the right of producers of phonograms to obtain remuneration for the public use, broadcast, or cable transmission of phonograms published for commercial purposes (**Russian Organization for Intellectual Property**).

The accredited organisations are not a hindrance to the establishment of other CMOs, including in the spheres listed above.

### 3.5 Where there are collective licensing bodies, how are they regulated?

CMOs are non-commercial organisations whose legal position, functions as well as the rights and obligations of their members are defined by the civil law, laws concerning non-commercial organisations and the charters of these organisations. Accredited CMOs carry out their activity under the control of an authorised federal executive authority – the Ministry of Culture of the Russian Federation, which, among other things, approves the standard charters of accredited organisations.

Accredited CMOs are obliged to report before the Ministry of Culture of the Russian Federation on a yearly basis on their activity in accordance with a set form.

The restrictions provided for by the antimonopoly law do not apply to the activity of accredited CMOs.

### 3.6 On what grounds can licence terms offered by a collective licensing body be challenged?

There are no specific grounds for challenging licence terms offered by a CMO in the law. At the same time, such terms can be challenged on a general ground if they are in conflict with the law or with rules set by the CMO itself.

## 4 Owners' Rights

### 4.1 What acts involving a copyright work are capable of being restricted by the rights holder?

A copyright holder has an exclusive right to make use of a work in any form and in any way which is not contrary to the law. Other persons are not allowed to use a work without the copyright holder's consent, except for the cases directly stated in the law.

In particular, the copyright holder is entitled to prohibit the following acts as regards his/her work:

- reproduction;
- distribution;
- display in public;
- import (for the purpose of distribution);
- rental;
- public performance;
- broadcasting;
- re-translation;
- translation or another remaking of the work;
- practical realisation of an architectural, design, town-planning, or landscape project; and
- communication to the public.

### 4.2 Are there any ancillary rights related to copyright, such as moral rights, and if so what do they protect, and can they be waived or assigned?

The author of a work possesses the following moral rights in the work:

- right of authorship – the right of being recognised as the author of the work;
- right of attribution – the right of use of the work or the right of authorising others to use the work under his/her name, under an invented name (pseudonym) or without any name at all;
- right of integrity – the right of amending, abridging or complementing the work, including illustrations, a preface, an afterword, commentaries or explanations, whatever they may be;
- right of publication – the right to decide when the work may be first made available to the public; and
- right of withdrawal – the right to recall the decision to publish the work before its actual publication.

Moral rights of the author are inalienable, and cannot be transferred. Waiver of these rights is invalid.

### 4.3 Are there circumstances in which a copyright owner is unable to restrain subsequent dealings in works which have been put on the market with his consent?

The law provides for the principle of national exhaustion of copyright. Thus, if an original work or its copy is lawfully



entered into the channels of commerce within the territory of the Russian Federation, its subsequent distribution is allowed without the necessity to obtain the rightholder's consent or pay him/her remuneration (except for the artist's "resale right" in respect of an original work).

Additionally, the law provides for some exceptions to copyright, which will be considered in the answer to question 5.4.

## 5 Copyright Enforcement

### 5.1 Are there any statutory enforcement agencies and, if so, are they used by rights holders as an alternative to civil actions?

There is a range of statutory agencies engaged in copyright enforcement in the Russian Federation:

- **The Ministry of Internal Affairs** – institutes administrative and criminal proceedings with respect to copyright infringement.
- **The Federal Customs Service** – detects and prevents the illegal transportation of goods containing copyrighted works across the border.
- **The Federal Antimonopoly Service** – prevents unfair competition connected with the unlawful use of intellectual activity results, including those protected by copyright.
- **The Federal Service for Supervision of Communications, Information Technology, and Mass Media** – limits access to information sources on the Internet which distribute copyrighted works (except photographic ones) unlawfully.

The above authorities protect the rights, including by the copyright holder's request.

The effectiveness of copyright protection by any authority, including in comparison with civil actions, depends on the character of an infringement and on other circumstances.

### 5.2 Other than the copyright owner, can anyone else bring a claim for infringement of the copyright in a work?

Copyright protection measures, including the bringing of a claim for infringement, can be taken by request of the rightholder, CMO, or other persons in cases directly provided for by the law.

In particular, rights can be enforced by an exclusive licensee if the infringement concerns the licensee's rights arising from the licence agreement.

If a work is published anonymously or under pseudonym (if the author is unknown), the publisher mentioned on the work is considered to be the author's representative and as such has the right of enforcing the author's rights, unless proved otherwise. This provision is applicable until the author reveals his/her identity and claims his/her authorship.

The current practice is that the trustee shall have the right of enforcing copyright using the same measures as are available to the rightholder if copyright was handed over for trust management.

### 5.3 Can an action be brought against 'secondary' infringers as well as primary infringers and, if so, on what basis can someone be liable for secondary infringement?

The law does not differentiate between "primary infringement" and "secondary infringement". Any person unlawfully using a work can be made liable.

At the same time, the law provides for some peculiarities as regards liability of "information intermediaries", among which there are:

- persons transmitting materials over an IT network, including via the Internet;
- persons providing hosting services on an IT network; and
- persons providing the possibility of access to materials stored on an IT network.

In particular, an information intermediary providing the opportunity to host a work on the Internet (for example, a hosting provider) is not liable for copyright infringement resulting from the hosting of the work on the Internet by a third party if the following conditions are fulfilled simultaneously by the information intermediary:

- 1) the information intermediary did not know and was not supposed to know that the use of the work was unlawful; and
- 2) if, upon receiving the rightholder's request with respect to the infringement of copyright of the latter in writing, specifying the page and/or IP address on the Internet, the information intermediary took all necessary and sufficient steps in order to stop the infringement of copyright in a timely manner.

### 5.4 Are there any general or specific exceptions which can be relied upon as a defence to a claim of infringement?

The law provides for an exhaustive list of exceptions to copyright allowing for the free use of protectable works by third parties without the copyright holder's consent, which includes:

- reproduction of a work for personal use (with certain exceptions);
- certain uses of the work for informational, scientific, educational, or cultural purposes (for example: the making of quotations; the reproduction of political speeches and reports; the creation of a work in the genre of caricature or parody, etc.);
- certain uses of a work by libraries, archives and educational organisations;
- use of a work permanently located in a place open for the public to attend (with certain exceptions);
- public performance of a musical work at official or religious ceremonies;
- reproduction of a work for the purpose of enforcement;
- recording of a work by a broadcasting organisation for short-term use (under certain conditions); and
- certain uses of a computer program or database by its user within the limits provided by the law (actions necessary for the program to function on the computer of the user; creating one copy of a program for an archive; limited decompilation of a computer program so that it can work properly with other programs, etc.).

In addition, the court may refuse the protection if the copyright holder acts in bad faith and in other cases of misuse of the right based on the general provisions of the civil law.

### 5.5 Are interim or permanent injunctions available?

Both interim and permanent injunctions are allowed in copyright infringement disputes.

Interim injunctions in the form of the prohibition to perform certain actions may be applied by the court to a person in respect of which there is a sufficient reason to suppose that the person has infringed copyright.

Permanent injunctions in the form of the prohibition to perform certain actions may be applied to a person performing such actions

or making necessary preparations to perform the same by a court decision. The abstract prohibition to use a work in the future, without its connection with a concrete infringement, is not allowed.

#### **5.6 On what basis are damages or an account of profits calculated?**

In cases of copyright infringement, a copyright holder is entitled, at his/her choice, to claim either damages or monetary compensation from the infringer.

Damages include expenses which were borne, or which will be borne, by a person whose right was violated to restore the right infringed as well as lost profits which the person would normally have made in commerce if it were not for the infringement of his/her rights.

The copyright holder shall, at his/her choice, have the right to claim the payment of remuneration:

- 1) in an amount ranging from RUB 10,000 to RUB 5,000,000 (approximately USD 150 to USD 75,000, accordingly), determined at the discretion of the court;
- 2) twice the amount of the value of the counterfeit copies of the work; or
- 3) twice the amount of the average value of the licence for the use of the work.

When claiming compensation, the copyright holder is not required to prove the amount of damages caused to him/her. The final amount of compensation shall be set at the discretion of the court, within the limits established by the law, depending on the character of the violation and other circumstances of the case, subject to the requirements of reasonableness and justice. In some cases, the court may order recovery of compensation which is less than the minimum sum provided by the law.

#### **5.7 What are the typical costs of infringement proceedings and how long do they take?**

The average term of consideration of cases by courts of first instance is from four to seven months. The average cost of consideration of a case is from USD 5,000 to USD 8,000.

If the court decision is challenged in a court of appeal or in a court of cassation, the whole term of consideration of the case may take from 12 to 18 months on average. The total average cost of court proceedings then will be from USD 12,000 to USD 22,000.

#### **5.8 Is there a right of appeal from a first instance judgment and if so what are the grounds on which an appeal may be brought?**

Decisions by courts of first instance may be subject to appeal in a court of appeal.

Courts of appeal reconsider the case on the merits, including verifying the correctness of the application of the norms of substantive and procedural law as well as re-evaluating evidence.

The case may then be further considered by a court of cassation, which focuses on whether substantive and procedural law was applied correctly by the lower courts.

On exceptional occasions, the case may be referred to the supervisory instance.

#### **5.9 What is the period in which an action must be commenced?**

A copyright infringement suit must be filed within three years from the date when the person knew or should have known about the infringement of his/her right and became aware of the identity of the proper defendant.

If the parties resorted to an alternative dispute resolution procedure provided for by the law (for example, a mediation procedure), the running of the time period of the limitation of actions is suspended for the period established by the law for conducting such an alternative procedure.

The limitation of actions does not apply to moral rights.

### **6 Criminal Offences**

#### **6.1 Are there any criminal offences relating to copyright infringement?**

The Criminal Law of the Russian Federation provides for criminal liability for the following offences:

- appropriation of authorship (plagiarism) if this offence caused heavy losses to the author or another copyright holder; and
- unlawful use of a copyrighted work as well as acquiring, storing, and/or transporting of counterfeit copies of works or phonograms for the purpose of sale on a large scale.

#### **6.2 What is the threshold for criminal liability and what are the potential sanctions?**

The illegal use of an object of copyright may be regarded as a criminal offence if the value of the copies of the work or that of the right of using it exceeds RUB 100,000 (about USD 1,500).

The illegal use of an object of copyright shall be punishable by a fine, or by compulsory labour or corrective labour, or by imprisonment for a term of up to two years (up to six years if the offence has been committed on an especially large scale or by a group of persons in previous concert, or by an organised group).

The appropriation of authorship (plagiarism) shall be punishable by a fine, or by compulsory labour or corrective labour, or by detention for a term of up to six months.

### **7 Current Developments**

#### **7.1 Have there been, or are there anticipated, any significant legislative changes or case law developments?**

The year 2017 has seen a change to the listing of cases in that, before filing a suit, the rightholder has to forward the infringer a cease-and-desist letter. It is a compulsory requirement within the framework of copyright infringement disputes to forward such a letter, subject to the following conditions being fulfilled simultaneously: 1) the dispute is under the commercial court's jurisdiction; 2) both the rightholder and the infringer of the copyright are legal entities and/or individual entrepreneurs; and 3) the suit claims damages or monetary compensation.

A number of amendments to the law governing the activity of accredited CMOs which are aimed at increasing the level of “transparency” of such activity entered into force in May 2018. In particular, the amendments have introduced the requirement for CMOs to conduct compulsory audits and publish annual (financial) reports on their website, and the mandatory requirement that a supervisory board be established for each CMO. The maximum sum deductible by a CMO to cover necessary expenses for the collection, distribution, and payment of remuneration must be determined by the Government of the Russian Federation.

The Supreme Court of the Russian Federation (Decision No. 305-ES16-18302 dated April 25, 2017) gives explanations as to whether a photographic work may be the subject of quotation for scientific, informational, or education purposes without the consent of the copyright holder. According to the Supreme Court, such quoting is possible in a volume which is justified by the purpose of quoting. Previously, the approach of only allowing quotations for literary works prevailed in court practice.

**7.2 Are there any particularly noteworthy issues around the application and enforcement of copyright in relation to digital content (for example, when a work is deemed to be made available to the public online, hyperlinking, etc.)?**

In October 2017, amendments to the so-called “Russian Antipiracy Law” entered into force. The said law provides, *inter alia*, for the limitation of access to websites unlawfully publishing works (except photographic ones) protected by copyright or related rights or information necessary to obtain them via the Internet.

The new amendments provide for the expedited blocking (for three days) of websites (so-called “mirrors”) which are confusingly similar and derive from websites, access to which has been blocked before due to their repeated infringement of copyright or related rights.



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Patent & Law Firm YUS, established in 1994, is one of the Russian Federation’s leading IP companies. The team includes attorneys and lawyers, specialising in patents, trademarks, industrial designs, geographical indications, trade secrets, copyright, unfair competition as well as the transfer of technologies, foreign filing and prosecution.

The company has deep expertise in the IP sphere, enabling it to offer its clients optimal solutions for complex problems as well as service flexibility and an individual approach.

Patent & Law Firm YUS has been regularly listed among the recommended IP companies in the Russian Federation by international rating agencies (*Chambers & Partners*, *The Legal 500*, *IP Stars*, etc.).

# Senegal

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Léon Patrice Sarr



Bocar Balde



## 1 Copyright Subsistence

### 1.1 What are the requirements for copyright to subsist in a work?

Under Senegalese law, for copyright to subsist in work, the work must be a “work of mind” (*œuvre de l’esprit*) and it must be original. Under the Copyright Act, “originality” is defined as the footprint of the personality of the author.

### 1.2 On the presumption that copyright can arise in literary, artistic and musical works, are there any other works in which copyright can subsist and are there any works which are excluded from copyright protection?

Under Article 6 of the Copyright Act, “work of mind” includes literary, artistic and musical work, as well as maps, plans, sketches and plastic works relating to geography, topography, architecture and science.

The Copyright Act provides that copyright also subsists in works derived from a pre-existent work provided it is original. Therefore, copyright subsists in:

- translations and adaptations; and
- anthologies and collections of works or diverse data, such as databases and computer programs.

However, under Articles 9, 10, and 11 of the Copyright Act, copyright protection is excluded from:

- the official legislative, administrative or judicial texts and their official translations;
- ideas, procedures, methods of functioning or mathematical concepts as such; and
- information; specifically, daily information.

### 1.3 Is there a system for registration of copyright and if so what is the effect of registration?

There is no system of registration. Article 2 of the Copyright Act provides that a work is protected as of its creation. However, in practice, authors may be well advised to seek registration of their work in order to secure proof of their ownership and priority. The best practice is to register their work with the Senegalese Copyright Office (“*Sénégalaise du Droit d’Auteur et des Droits Voisins SODAV*” ex *Bureau Sénégalais du Droit d’Auteur BSDA*”).

### 1.4 What is the duration of copyright protection? Does this vary depending on the type of work?

The Copyright Act distinguishes between moral rights and patrimonial rights. A moral right is imprescriptible. The duration of patrimonial rights is the entire life of the author and 70 years after their death.

In the case of a “collaboration work”, the duration of patrimonial rights is the entire life of the last surviving collaborator and 70 years after his death.

In the case of a “postum work”, the duration is 70 years starting from the publication of the work.

In the case of an anonymous or pseudonym work, the duration of patrimonial rights is 70 years starting from its publication. If the work has not been published during the 70 years following its completion, the duration of the patrimonial rights is 70 years starting from the completion date of the work.

### 1.5 Is there any overlap between copyright and other intellectual property rights such as design rights and database rights?

Yes, there is an overlap between copyright and other intellectual property rights. An author can accumulate copyright, design rights and a trademark provided the work meets the conditions required.

### 1.6 Are there any restrictions on the protection for copyright works which are made by an industrial process?

There is no specific provision contained in the Copyright Act which restricts the protection of a work made by an industrial process.

## 2 Ownership

### 2.1 Who is the first owner of copyright in each of the works protected (other than where questions 2.2 or 2.3 apply)?

The first owner of copyright is the author. The author, pursuant to Article 12 of the Copyright Act, is the person who created the work. However, in the case of publication of the work, the author is, under Article 14 of the Copyright Act, the person under whose name the publication is created, unless the contrary is proven.



## 2.2 Where a work is commissioned, how is ownership of the copyright determined between the author and the commissioner?

Article 22 of the Copyright Act provides that when a work is commissioned, the transfer of the ownership on the material support of the work does not include the transfer of patrimonial rights. It means that the author remains the owner of the copyright.

## 2.3 Where a work is created by an employee, how is ownership of the copyright determined between the employee and the employer?

There are two types of employees: those employed by an individual or a private entity called “*salarie*”; and those employed by the State called “*fonctionnaire*”.

Employees are the owners of the copyright on works they create.

However, pursuant to Article 18 of the Copyright Act, patrimonial rights on works created by a *salarie* in the course of employment are presumed assigned to the employer by reason of the employment agreement to the extent justified by the normal activities at the time of creation of the work. The employer must pay the *salarie* an additional amount separate from the salary in the case he exploits the work. If the employer and the *salarie* fail to agree on the amount of the additional payment, the amount is fixed by the Courts.

Furthermore, pursuant to Article 20 of the Copyright Act, to the strict extent necessary to the accomplishment of a public interest mission, patrimonial rights on works created by a *fonctionnaire* in the course of employment or under instructions received are presumed assigned to the administration to which they belong, starting from the date of creation.

## 2.4 Is there a concept of joint ownership and, if so, what rules apply to dealings with a jointly owned work?

The Copyright Act recognises the concept of joint ownership on collaborative work (“*œuvre collaborative*”). Pursuant to Article 23 of the Copyright Act, “collaborative work” is defined as a work that is created by two or several authors without consideration of the fact that the work is undivided or is composed of separate works.

The ownership of the copyright is undivided between the authors. Thus, the exercise of copyright must be done on mutual agreement. In the case authors fail to find the mutual agreement, Courts are competent. However, in case of breach of the copyright on the collaborative work, each co-author is entitled to go to Court and claim compensation.

Pursuant to Article 25 of the Copyright Act, each co-author whose contribution is identifiable can, unless agreed otherwise, exploit it separately to the extent that the exploitation does not harm the exploitation of the collaborative work.

## 3 Exploitation

### 3.1 Are there any formalities which apply to the transfer/assignment of ownership?

Only patrimonial rights can be assigned. Pursuant to Article 62 of the Copyright Act, with respect to the author, the assignment is proved by written or an equivalent mode. In addition, Article 63 of the Copyright Act provides that each patrimonial right must be namely assigned, whereas the assigned right must be specified as to its scope and purpose, its duration and its territory of use.

The assignment can be free. However, pursuant to Article 65 of the Copyright Act, when a price is fixed, it must be proportional to the revenue made out of the exploitation of the work. The Copyright Act provides exceptions when means of calculation do not exist, the use of the work is an accessory to the object exploited or the control fees are above the expected result.

The above-mentioned formalities do not apply to a commissioned work.

### 3.2 Are there any formalities required for a copyright licence?

Licence agreements are subject to the above-mentioned formalities.

### 3.3 Are there any laws which limit the licence terms parties may agree (other than as addressed in questions 3.4 to 3.6)?

There is no specific provision restricting the licence terms parties may agree, except for the general principle which states that moral rights cannot be assigned.

### 3.4 Which types of copyright work have collective licensing bodies (please name the relevant bodies)?

Pursuant to Article 112 of the Copyright Act, collective licensing bodies can be created for each directory of copyright work. Since February 4, 2016, the “*Senegalaise des Droits d'Auteurs et des Droits Voisins*, SODAV” has been the collective licensing body in charge of activities relating to the collection and distribution of copyrights. However, the Copyright Act provides that authors are free to create other collective licensing bodies.

### 3.5 Where there are collective licensing bodies, how are they regulated?

Collective licensing bodies are constituted and regulated under the provisions of the Senegalese Civil and Obligations Code relating to civil companies. Specific provisions included in the Copyright Act and its application decree (Decree N°2015-682 dated May 26, 2015) also apply. The Ministry of Culture can control the validity of their statutes. Their common control is done by the “*Commission Permanente de Contrôle des Sociétés de Gestion Collective*”.

### 3.6 On what grounds can licence terms offered by a collective licensing body be challenged?

The Copyright Act does not cover this issue. However, collective licence terms are subject to common law and can be challenged on any available pertinent ground.

## 4 Owners' Rights

### 4.1 What acts involving a copyright work are capable of being restricted by the rights holder?

As mentioned above, any exploitation of a copyright work shall be namely assigned. Therefore, any act not included into the assignment is capable of being restricted by the rights holder and considered as an act of infringement.

#### 4.2 Are there any ancillary rights related to copyright, such as moral rights, and if so what do they protect, and can they be waived or assigned?

The Copyright Act provides moral rights and related rights to copyright. Pursuant to Article 27 of the Copyright Act, moral rights are the expression of the link between the work and its author.

Moral rights are divided into four components: disclosure; authorship; respect of the work; and a right of reconsider.

The author shall solely decide when the work shall be made available to the public. The author must be displayed to the public – whatever the use of the work – and has the right to control and prevent any change capable of affecting the integrity and the quality of the work. The right of reconsider allows for the author to claim for the withdrawal of the work from the market following compensation.

Article 86 of the Copyright Act lists related rights. They are granted to: performers; phonogram and video producers; radio-television organisations; and publishers. Relating rights are divided into moral rights and patrimonial rights. Moral rights are subject to the same restriction and characteristics listed above, but patrimonial rights can be assigned.

#### 4.3 Are there circumstances in which a copyright owner is unable to restrain subsequent dealings in works which have been put on the market with his consent?

The copyright owner cannot restrain subsequent dealings in works that have been put on the market with his consent.

## 5 Copyright Enforcement

#### 5.1 Are there any statutory enforcement agencies and, if so, are they used by rights holders as an alternative to civil actions?

The statutory enforcement agency is the “*Brigade Nationale de Lutte contre la Piraterie et la Contrefaçon*”, BNLCP”, created by Decree N°2006-1398 dated December 28, 2006 and vested with the power to investigate, establish and prosecute violations relating to copyright. However, the BNLCP has no power of sanction. It reports the violations and their authors to the Prosecutor who can refer the case to a Criminal Court or an Investigating Judge. BNLCP is used alternatively or in addition to civil actions. The customs also control and seize upon request, or on their sole initiative, the goods they detain.

#### 5.2 Other than the copyright owner, can anyone else bring a claim for infringement of the copyright in a work?

Yes. Pursuant to Article 127 of the Copyright Act, in addition to the copyright owner, collective licensing bodies and professional associations legally constituted can also claim for their members the assignee of a copyright to the extent of the right assigned.

#### 5.3 Can an action be brought against ‘secondary’ infringers as well as primary infringers and, if so, on what basis can someone be liable for secondary infringement?

The Copyright Act does not provide concerning “secondary” infringers. However, anyone infringing copyrights can be prosecuted.

#### 5.4 Are there any general or specific exceptions which can be relied upon as a defence to a claim of infringement?

Yes. Articles 38 to 46 of the Copyright Act provide limited exceptions which can be relied upon as a defence to a claim of infringement. They are: free communication in a family circle or during a religious service in rooms reserved for that purpose; copies or reproductions strictly reserved for private use; backup copies of a computer program; analyses and quotations, parody and educational use; press reviews; and use of graphic and plastic work located in a public area.

#### 5.5 Are interim or permanent injunctions available?

Yes. Article 132 of the Copyright Act provides that the Court may order the following injunctions:

- suspension of the manufacturing of unauthorised reproduction;
- immediate seizure of unauthorised reproduced copies, already manufactured or during manufacturing, of incomes, as well as copies illicitly used;
- suspension of any unauthorised communication to the public; and
- seizure of income deriving from any unauthorised reproduction or communication to the public.

#### 5.6 On what basis are damages or an account of profits calculated?

Pursuant to Article 152 of the Copyright Act, damages are calculated by losses and moral prejudice, as well the profits illegally made and the expenses, including Court costs, caused by the act of violation.

#### 5.7 What are the typical costs of infringement proceedings and how long do they take?

Costs of infringement proceedings vary a lot depending on the circumstances of each case. There are no standard legal costs. A proceeding on the merits at first instance may take between two months and two years until a judgment is rendered.

#### 5.8 Is there a right of appeal from a first instance judgment and if so what are the grounds on which an appeal may be brought?

Yes. The Appeal Court will review the entire case. Therefore, the Appeal Court is entitled to reverse or confirm the first decision in all or part of its provisions.

#### 5.9 What is the period in which an action must be commenced?

The statute of limitation is 10 years for civil actions, commencing from the date when the owner knows or should have known about the existence of the infringement. However, in the case that the owner starts proceedings with an infringement seizure, he has 30 days starting from the date of the seizure to refer the case to Court, and if not, the release of the seizure can be obtained.

The statute of limitation is three years for criminal actions. In principle, the starting point is when the infringing activity has ceased.

## 6 Criminal Offences

### 6.1 Are there any criminal offences relating to copyright infringement?

Yes. Criminal offences are listed by Articles 142 to 147 of the Copyright Act and include:

- infringement of exploitation rights;
- distribution, import and export of illicit copies;
- infringement of moral rights;
- infringement of technical measures; and
- failure to pay equitable remuneration and remuneration for private copying.

### 6.2 What is the threshold for criminal liability and what are the potential sanctions?

The Copyright Act has no provision relating to the threshold for criminal liability. Therefore, the claimant will only be required to demonstrate that the defender voluntarily infringed the copyright.

The sanctions of the infringement of the exploitation and moral rights and distribution, import and export of illicit copies are imprisonment of one month to two years and a fine of between 1 to 5 million francs CFA. The sanctions for infringement of technical measures and failure to pay equitable remuneration and remuneration for private copying are imprisonment of one to three months and a fine of 500,000 francs CFA, respectively. In the case of recidivism, the sanctions are doubled.

In the case of condemnation on the grounds of one of the offences above-mentioned, the Court orders the destruction of illegal copies and the confiscation of the equipment specially installed to realise the infringement. The Court can order the display and publication of the judgment or extracts of the judgment. In the case of recidivism on the ground of infringement of the exploitation and moral rights and distribution, import and export of illicit copies, the Court can order the temporary or permanent closure of establishments operated by the infringer and his accomplices.

## 7 Current Developments

### 7.1 Have there been, or are there anticipated, any significant legislative changes or case law developments?

The significant developments have been the adoption of Decree N°2015-682 dated May 26, 2015 and the licence granted to SODAV on February 4, 2016.

After the adoption of the Copyright Act, an application decree was supposed to follow in order to set out the conditions that are to be met by collective licensing bodies in order for them to grant a licence, determine the exercise of the rights and fight against forgery. Awaiting that decree, several copyright owners adopted on December 17, 2013 the bylaws of the first collective licensing body, called the SODAV, which aimed to replace the BSDA.

The application decree was finally signed on May 26, 2015, and was warmly welcomed by copyright owners as it was the final step of an almost 10-year process.

Immediately after, SODAV applied to be granted a licence to operate, and on February 4, 2016, the licence was finally granted. Copyright owners much appreciated the introduction of the new act. Granting the licence to SODAV was also the death of the BSDA, created by the former Copyright Act N°73-52 dated December 4, 1973.

### 7.2 Are there any particularly noteworthy issues around the application and enforcement of copyright in relation to digital content (for example, when a work is deemed to be made available to the public online, hyperlinking, etc.)?

To the best of our knowledge, there are no noteworthy issues regarding the application and enforcement of copyright in relation to digital content.

**Léon Patrice Sarr**

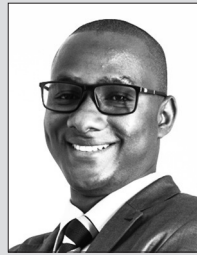
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# South Africa

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## 1 Copyright Subsistence

### 1.1 What are the requirements for copyright to subsist in a work?

Copyright automatically subsists in a work provided the work meets two main requirements, which are originality and existence in material form and creation by a “qualified person”.

Regarding the requirement of originality, a work need not be novel, nor does it have to be unique or inventive. However, such work must be a product of the maker’s own endeavours and labour. Furthermore, a work should not be copied from other sources; however, it can still be original, irrespective of it being copied from a previous work, provided sufficient skill and effort have been embodied in the creation of the consequent work. As a result of novelty not being a requirement, the test for originality is a subjective one and is dependent on how an author went about creating a work. The standard for originality is low.

For material form, copyright shall not subsist in an idea. It is the material form of expression of the idea which is protected by copyright in South Africa. As such, a work must be reduced to writing or some other material form, save for broadcasts, which must have been broadcast, and programmes carrying signals, which must have been transmitted by satellite.

Furthermore, the author of a copyright work must be a qualified person, which in terms of the Copyright Act No. 98 of 1978, is an individual who is a citizen of, domiciled or resident in South Africa or a country to which the operation of the Copyright Act No. 98 of 1978 has been extended by proclamation, and in the case of a juristic person, a body incorporated under South African law or under the law of a country to which the operation of the Copyright Act No. 98 of 1978 has been extended by proclamation.

### 1.2 On the presumption that copyright can arise in literary, artistic and musical works, are there any other works in which copyright can subsist and are there any works which are excluded from copyright protection?

The Copyright Act does not make provision for the exclusion of any works. Copyright arises in literary, musical and artistic works and, furthermore, the following types or categories of works are recognised under copyright laws in South Africa:

- sound recordings;
- cinematographic films;

- sound and television broadcasts;
- programme-carrying signals;
- published editions; and
- computer programs.

### 1.3 Is there a system for registration of copyright and if so what is the effect of registration?

Copyright subsists automatically upon its creation, provided it complies with the requirements of originality and provided that the work is reduced to material form. Accordingly, South African legislation does not provide for the registration of copyright works. However, the Cinematographic Films Act No. 62 of 1977 provides a voluntary system for the registration of cinematographic films, at a nominal fee of R 510. There is, however, no detrimental consequence following the failure to register a cinematographic work, as such works are protected under the Copyright Act No. 98 of 1978.

### 1.4 What is the duration of copyright protection? Does this vary depending on the type of work?

The general term of protection offered in South Africa for copyright protection is 50 years after the death of the author. However, the duration of copyright protection may differ depending on the category of work.

As a result, literary, musical and artistic works (except photographs) shall endure for the standard period of 50 years after the death of the author, unless such a work (or an adaptation thereof) has been published, performed in public, an offer for sale to the public of records thereof has occurred, or such work has been broadcast, in terms of which copyright shall subsist for a period of 50 years from the end of the year in which such act has occurred. In the case of the author being anonymous or acting under a pseudo name, the duration for copyright shall subsist for 50 years from the end of the year in which the work is made available to the public with the consent of the owner.

For computer programs, photographs and cinematographic films, copyright subsists for the longer of either a period of 50 years after the work is made available to the public (with the consent of the copyright owner), or 50 years after the work was initially published. Should neither of the above acts occur, copyright shall subsist for 50 years after the work is made.

With regard to sound recordings and published editions, copyright shall subsist for 50 years from the date of it being published, whereas for broadcasts and programme-carrying signals, copyright subsists for 50 years after their creation.

Finally, in relation to works of joint authorship, the term of copyright is determined by the longest surviving author.

### 1.5 Is there any overlap between copyright and other intellectual property rights such as design rights and database rights?

Different forms of intellectual property often overlap, thereby offering proprietors either dual protection from different spectrums of intellectual property, or a bundle of intellectual property protection on an individual product, concept or service.

With regard to the concept of dual protection, for example, trade mark protection can be obtained for either word, device or composite trade marks (comprising both word and device), and copyright protection can be obtained for the particular design of the aforementioned device or composite trade marks as well.

Regarding the concept of a bundle of protection, a cell phone could, for example, consist of several different elements of intellectual property. More specifically, copyright protection could be secured for the design of the device, the layout of an interface, any logo or branding designs, as well as for any software (set of instructions) that the device incorporates, whereas trade mark registrations can be obtained not only for the branding of the device in various classes, but also for the shape of the device, provided it meets the requirements of distinctiveness and avoids the functional design exclusion in the Trade Marks Act No. 194 of 1993. Furthermore, design right protection could be secured for the aesthetic and functional designs of the device and finally, patent protection could be secured for any underlying technology in the hardware and software, provided it brings about a technical result.

With regard to the protection of databases, which merely amounts to a collection of material, organised in a manner that allows easy retrieval of individual records, South Africa does not provide for *sui generis* database protection; however, its courts have confirmed that a database is protected under the Copyright Act No. 98 of 1978 as a “literary work”, defined as including “tables and compilations of data stored or embodied in a computer”.

### 1.6 Are there any restrictions on the protection for copyright works which are made by an industrial process?

In terms of the Copyright Act No. 98 of 1978, should an author consent to three-dimensional reproductions being made available of his or her artistic work to the public (whether inside or outside of South Africa) and, provided that such authorised reproductions primarily have a utilitarian purpose and are made by an industrial process, a person shall not infringe on the rights of such an author if he or she, with or without the consent of the author, makes or makes available to the public three-dimensional reproductions or adaptations of such authorised reproductions.

## 2 Ownership

### 2.1 Who is the first owner of copyright in each of the works protected (other than where questions 2.2 or 2.3 apply)?

Ideas are not protectable under copyright and accordingly, the author of a work is the person who is responsible for the creation of the material embodiment of the work and as such, might not be

the person who conceived the idea. Inevitably, the first author is a question of fact. However, it is understood generally that the author is the first owner of the copyright in respect of all the various types of works covered under the Copyright Act No. 98 of 1978. This rule is qualified, however, by several exceptions in the Copyright Act No. 98 of 1978, which provides that:

- an employer is the owner of literary and artistic works created by an author who is employed by a newspaper, magazine or similar periodical, provided that such works are made during the course of his or her employment and such works are created for the purpose of publication; however, the author shall remain the owner of copyright in the works, which are not related to publication in a newspaper, magazine or similar periodical;
- a person who commissions the taking of a photograph, the painting or drawing of a portrait, or the making of a gravure, sound recording or cinematographic film, shall be the owner of such specified work, provided that such person pays or agrees to pay for such work in money or its worth and such work has been made pursuant to such commission;
- a work created by an author, during the course of employment by another person under a contract of service (i.e. under control and direction) or apprenticeship, then such other person shall be the owner of the work; and
- a work created by another, but under the direction or control of the State or a prescribed international organisation, shall belong to such entity and not the author thereof.

### 2.2 Where a work is commissioned, how is ownership of the copyright determined between the author and the commissioner?

The Copyright Act No. 98 of 1978 provides for the automatic transfer of copyright in specific commissioned works, which is limited to commissioning the taking of a photograph, the painting or drawing of a portrait, or the making of a gravure, sound recording or cinematographic film. That being said, automatic transfer of copyright does not exist for commissioned works not specifically included in the Copyright Act No. 98 of 1978. As such, it is important for individuals and businesses to recognise that in many cases, there is a requirement to arrange for the transfer of copyright ownership in particular works; for example, the commissioning of an abstract painting for a company’s foyer or a graphic designer’s design of a logo. In such cases, it is best practice to ensure the correct execution of an assignment agreement, which provides for the assignment of the rights, title and interest in the copyright.

### 2.3 Where a work is created by an employee, how is ownership of the copyright determined between the employee and the employer?

The general standard in South African law is that a copyright work shall be owned by an employer, provided that such work was created by an employee in the course and scope of his or her employment.

It has been held by the South African courts that the interpretation of the phrase “in the course and scope of employment” should be substantiated by a practical and common-sense approach, and that such analysis is a factual issue dependent not only on the employment contract, but also the circumstances in which a particular work was created. As such, the fact that a work was created during or after working hours, at work, in private or at home, are merely factors to be considered in weighing up whether or not a work qualifies as being created in the course and scope of employment.

#### 2.4 Is there a concept of joint ownership and, if so, what rules apply to dealings with a jointly owned work?

Joint or co-ownership in a copyright work arises from either joint authorship of a work, or by means of the legal transmission of copyright, such as a deed of assignment of equal ownership in a copyright work. Furthermore, it is dependent on the facts and circumstances of a particular case whether two or more collaborators of a work are co-authors and, therefore, co-owners.

Co-ownership is understood to comprise ownership of an undivided share of the whole copyright in a work or some of the components rights comprised in the copyright.

In terms of co-ownership, a co-owner may not use or exploit any rights in his, her or its part of the copyright, unless with the consent of the co-owner(s). Nevertheless, copyright can be enforced by a co-owner without the co-operation of the other co-owner(s); however, in proceedings where a reasonable royalty and/or punitive damages are claimed, a single co-owner would not be entitled to claim the whole of the amount (unless there is agreement to the alternative) and accordingly, all co-owners must be joined in such proceedings.

### 3 Exploitation

#### 3.1 Are there any formalities which apply to the transfer/assignment of ownership?

It is recorded in the Copyright Act No. 98 of 1978 that an assignment of copyright shall only be effective upon its reduction to writing and it being signed by or on behalf of the assignor. Furthermore, it is possible for a prospective owner of copyright to assign any future copyright wholly or partially to another.

It is understood that the subject matter of the assignment must be sufficiently described in the assignment document, such that it can be objectively identified by any person reading the document. Furthermore, there must be a mutual intention between both parties to transfer the rights by an offer and an acceptance of the copyright and, in other words, an agreement between the parties as to the assignment. In the absence of such mutual meeting of the minds, it can be argued that a valid assignment did not take place.

With regard to the transfer of a physical article embodying a work which is the subject of copyright, such transfer of the physical object shall not amount to the transfer of copyright embodied in the physical object, save in terms of section 22(6) of the Copyright Act No. 98 of 1978 that allows for a testamentary disposition of the material on which a work is first written or otherwise recorded to be taken to include the disposition of any copyright or future copyright in the work which is vested in the deceased at the time of his or her death, provided that the owner of the physical work is in fact the owner of the copyright therein as well.

#### 3.2 Are there any formalities required for a copyright licence?

A distinction is drawn between exclusive licences and non-exclusive licences. An exclusive licence is valid upon its reduction to writing and it being signed by or on behalf of the grantor and, furthermore, an exclusive copyright licence can be inferred from an agreement, irrespective of the fact that no specific mention is made of copyright. Such exclusive licence grants the licensee, as well as any further sub-licensees, the right to take action against copyright infringement by third parties in their own name. In contrast to the above, non-

exclusive licences are not preceded by strict formalities similar to exclusive licences and may be formed either in writing, orally or may even be inferred from the conduct of the parties.

It is submitted that a licence which purports to be an exclusive licence, however, which does not meet the formal requirements discussed above, shall amount to a non-exclusive licence.

#### 3.3 Are there any laws which limit the licence terms parties may agree (other than as addressed in questions 3.4 to 3.6)?

No, there are none.

#### 3.4 Which types of copyright work have collective licensing bodies (please name the relevant bodies)?

Musical works and literary works are predominantly the subject matter of collecting societies in South Africa. There are five main collecting societies, which include:

- the Southern African Music Rights Organisation (SAMRO), which is a self-regulatory agency responsible for the administration of performance rights of musical compositions on behalf of music composers, authors and publishers; furthermore, SAMRO has an extension called the Dramatic, Artistic and Literary Rights Organisation (DALRO), which administers authors' rights for the reproduction of theatrical works, visual art works and literary works;
- the Composers, Authors and Publishers Association (CAPASSO), which administers mechanical rights in musical compositions, specifically the rights arising from a musical work's reproduction or transfer from one format to another;
- the South African Music Performance Rights Association (SAMPRA), which is responsible for the administration of needle time rights on behalf of recording artists and record labels, specifically rights emanating from the public performance of recording artists and record labels' commercially released recorded performances and sound recordings, respectively;
- the Independent Music Performance Rights Association (IMPRA), which is accredited by the South African Department of Trade and Industry and the Companies and Intellectual Property Commission Office as a collecting society, is responsible for the administration of needle time rights emanating particularly from sound recordings; and
- the Recording Industry of South Africa (RiSA), which is an association of recording companies also acting as a collecting society responsible for administering mechanical rights in sound recordings when associated with digital jukeboxes.

#### 3.5 Where there are collective licensing bodies, how are they regulated?

In terms of section 39(cA) of the Copyright Act No. 98 of 1978, read together with section 9A of the Copyright Act No. 98 of 1978 (Royalties) and section 5(3) of the Performers' Protection Act No. 11 of 1967 (Royalties), the Collecting Society Regulations were promulgated to provide for the establishment and regulation of collecting societies.

#### 3.6 On what grounds can licence terms offered by a collective licensing body be challenged?

In terms of the Collecting Society Regulations, as established in terms of section 39(cA) of the Copyright Act No. 98 of 1978, any

practice contrary to the terms of the Collecting Society Regulations shall amount to challengeable grounds.

In terms hereof, the Collecting Society Regulations oblige collecting societies to comply with obligations bestowed upon it in terms of the Collective Society Regulations, the Copyright Act No. 98 of 1978 and the Performers' Protection Act No. 11 of 1967. Furthermore, the Collecting Society Regulations oblige collecting societies to maximise the economic exploitation of the rights entrusted by rightsholders for their direct benefit, not to generate or accumulate unneeded profits in the hands of the collecting society itself and to distribute the proceeds of exploitation equitably amongst its members (retaining not more than 20% after distribution to its members, in order to defray its costs). Additionally, a collecting society must make its complete repertoire available to any potential user or the public on non-discriminatory terms.

## 4 Owner's Rights

### 4.1 What acts involving a copyright work are capable of being restricted by the rights holder?

All copyright vests with the holder of such works, subject to the provisions of section 21(1) of the Copyright Act No. 98 of 1978. Furthermore, copyright may be used by third parties in respect of an assignment (where the mark is transferred to a new individual or corporate entity) or alternatively where the mark has been licensed.

In order for there to be an infringement of the work, the work must have been copied without the authorisation of the copyright owner, i.e. lack of consent.

There are two main instances of copyright infringement, i.e. direct infringement and indirect infringement.

Direct infringement occurs in instances whereby the infringer performs an unauthorised act(s) exclusive to that of the copyright owner. Indirect infringement on the other hand deals with situations whereby articles infringe copyright, or would infringe copyright if such articles had been made in the Republic of South Africa.

The following acts are regarded as copyright infringement in South Africa:

- reproducing the work in any manner or form;
- publishing the copyright work if it was hitherto unpublished;
- performing a work in public;
- broadcasting a work;
- transmission in a diffusion service;
- adaptation;
- performing acts in relation to adaptations;
- causing a film to be seen or heard in public;
- film, sound recording and computer rentals;
- making a record embodying a sound recording;
- communicating a sound recording to the public;
- rebroadcasting a broadcast; and
- distributing programme-carrying signals to the public.

### 4.2 Are there any ancillary rights related to copyright, such as moral rights, and if so what do they protect, and can they be waived or assigned?

Yes, there are ancillary rights related to copyright, known as moral rights and performer's protection rights.

With regard to moral rights, the Copyright Act No. 98 of 1978 provides that where copyright in a literary, musical or artistic work, cinematographic film or computer program is transferred, the author retains the ownership of the work therein. In the case of a natural person, it is a personal right and naturally terminates on the death of the author. However, if the author of the said work is a corporate entity, the work can subsist in perpetuity depending on the lifespan of the business.

The author of the work may further object to any distortion, mutilation or other modification of the work if it is or would be prejudicial to the honour or reputation of the author.

The Performers' Protection Act No. 11 of 1967 grants protection to any person who gives a rendition of a work.

Moral rights are not capable of assignment, however they can be waived by the author of a copyright work. There exists uncertainty in respect of performers' rights as there are no provisions dealing with this in the Performers' Protection Act No. 11 of 1967.

### 4.3 Are there circumstances in which a copyright owner is unable to restrain subsequent dealings in works which have been put on the market with his consent?

This will be dependent on the type of agreement that the author of the work has entered into with the third party. For example, an exclusive licensee and an exclusive sub-licensee have the same rights of action as the author and they are entitled to the same remedies as if the licence were an assignment.

Furthermore, in terms of the Copyright Act No. 98 of 1978, there are situations where the work is made in the scope of the author's employment or whereby the author is commissioned for the said work. In such instances, the work will vest with the employer or with the person commissioning the author for the said work.

## 5 Copyright Enforcement

### 5.1 Are there any statutory enforcement agencies and, if so, are they used by rights holders as an alternative to civil actions?

Yes, there are statutory enforcement agencies dealing with infringement of copyright whether by privacy or counterfeiting. This protection is found in the Counterfeit Goods Act No. 37 of 1997, which offers several enforcement measures.

The Counterfeit Goods Act No. 37 of 1997 enables the owners of Intellectual Property Rights to act speedily and effectively against persons involved in counterfeiting activities, both on a criminal and civil basis. The Counterfeit Goods Act No. 37 of 1997 defines "Intellectual Property Rights" as including "copyright in any work in terms of the Copyright Act No. 98 of 1978".

The Counterfeits Goods Act No. 37 of 1997 provides for the search, seizure, detention and destruction of infringing goods.

### 5.2 Other than the copyright owner, can anyone else bring a claim for infringement of the copyright in a work?

Yes, in instances where an exclusive licensee or an exclusive sub-licensee has been appointed, they can take action against a third party but must give notice to the owner of the copyright of their intention to do so.



### 5.3 Can an action be brought against 'secondary' infringers as well as primary infringers and, if so, on what basis can someone be liable for secondary infringement?

Yes, there are various actions that can be brought against a primary and secondary infringer. These include an interdict, damages, reasonable royalty and delivery up of the infringing goods.

There are various instances whereby a person can be liable for secondary infringement. The following acts are considered as an indirect infringement:

- importing an article into South Africa for a purpose other than for the importer's private and domestic use;
- selling, letting or, by way of trade, offering or exposing for sale or hire in South Africa any article;
- distributing in South Africa any article for the purposes of trade or for any other purpose, to such an extent that the owner of the copyright in question is prejudicially affected; or
- acquiring an article relating to a computer program in South Africa.

### 5.4 Are there any general or specific exceptions which can be relied upon as a defence to a claim of infringement?

Yes, there are numerous exceptions against copyright protection. These exceptions allow for the unauthorised use of copyright works.

Copyright will not be infringed in situations where the work is used for research, study, private use, criticism, review and the report of current events. It will furthermore not be considered if used in judicial proceedings, quotations, illustrations and the reproduction and archiving by broadcasters.

### 5.5 Are interim or permanent injunctions available?

Yes, South Africa provides for two types of interdicts when it comes to copyright. The first is an interim interdict dependent on one establishing a *prima facie* case. However, with regard to the second interdict (i.e. a final interdict) the threshold is much higher, as a clear right to the work needs to be established.

### 5.6 On what basis are damages or an account of profits calculated?

The most common basis that damages are calculated on is based on the reasonable royalty method. This is the amount of money that would have been payable had the infringer obtained a licence from the author of the copyright work.

Damages alone are difficult to calculate as the author of the copyright work will be required to submit ample evidence showing the damage that he or she has suffered. It is, however, not always practical to take this route, as the evidence required does not always vest with the author.

### 5.7 What are the typical costs of infringement proceedings and how long do they take?

Copyright infringement matters can only be instituted in the High Court of South Africa. As such, the costs are much higher than a lower court.

The costs are calculated on a case by case basis and can range between R 150,000 and R 300,000 (between USD 10,000 and USD 20,000) merely in respect of attorney fees. As such, this amount does not consider the disbursement costs such as the fees of an advocate who will essentially argue the matter.

The duration of these cases is difficult to estimate; however, they can range between one and two years, unless the matter is constantly delayed and/or interlocutory proceedings are constantly brought forward.

### 5.8 Is there a right of appeal from a first instance judgment and if so what are the grounds on which an appeal may be brought?

Yes, a party is entitled to appeal the matter if the party is dissatisfied with the judgment based on a finding of law.

An appeal must be applied for with the Judge who granted the leave to appeal. The matter will then be heard by a full bench of the High Court and if a party to such an appeal is still dissatisfied, he or she may apply for special leave to appeal to the Supreme Court of Appeal.

### 5.9 What is the period in which an action must be commenced?

The period of prescription of debt shall be three years in respect of a normal debt and shall commence from the date when such debt is due. In terms of the Prescription Act No. 68 of 1968, a debt is due when "the creditor has knowledge of the identity of the debtor and of the facts from which the debt arises: Provided that a creditor shall be deemed to have such knowledge if he could have acquired it by exercising reasonable care".

## 6 Criminal Offences

### 6.1 Are there any criminal offences relating to copyright infringement?

Yes, the Copyright Act No. 98 of 1978 does make provision for criminal sanctions for certain acts of infringement. These offences relate to acts which include:

- making for sale or hire;
- selling or letting for hiring;
- exposing for sale or hiring by way of trade;
- exhibiting in public by way of trade;
- importing articles into South Africa other than for private or domestic use;
- distributing articles for the purpose of trade and distributing articles for any other purpose to such an extent that the owner of the copyright is prejudicially affected; and
- making or possessing a plate knowing that it is to be used for making infringing copies of a copyright work.

Furthermore, a person who causes a literary work to be performed in public is guilty of an offence if the person knows that copyright subsists in the work. Re-broadcasting a broadcast or transmitting one in a diffusion service, knowing that copyright subsists in the broadcast and that the act constitutes an infringement, also qualifies as an offence.

Lastly, causing programme-carrying signals to be distributed by a distributor for whom they were not intended, knowing that copyright subsists in the signals and that the distribution constitutes an infringement of copyright, will also constitute an offence.

## 6.2 What is the threshold for criminal liability and what are the potential sanctions?

The core requirement in respect of criminal liability is knowledge. The penalties for an offence in respect of a first conviction may include a fine not exceeding R 5,000 (roughly USD 350) or imprisonment for a period not exceeding three years, or both. For any subsequent conviction, the fine may be increased to an amount not exceeding R 10,000 (roughly USD 700) and the term of imprisonment may be increased up to five years.

## 7 Current Developments

### 7.1 Have there been, or are there anticipated, any significant legislative changes or case law developments?

Yes, in July 2015 the Copyright Amendment Bill was passed and a further revised version was introduced in May 2017.

The 2017 Bill was published by the South African Department of Trade and Industry and was published for public comment. Interested parties made written and oral submissions to the Portfolio Committee of Trade and Industry and the Bill received both positive feedback and criticism. Amongst other contentious points, the Copyright Amendment Bill suggests that copyright will automatically transfer to the State if the owner “cannot be located, is unknown, or is deceased”. Furthermore, the Copyright Amendment Bill will have a massive impact on new ventures and start-up companies.

### 7.2 Are there any particularly noteworthy issues around the application and enforcement of copyright in relation to digital content (for example, when a work is deemed to be made available to the public online, hyperlinking, etc.)?

At the moment, the Copyright Act No. 98 of 1978 does not make any provision in respect of digital works. However, should the revised Bill be made law, there will certainly be provisions catering for these advancements.



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# Spain

Grupo Gispert

Sönke Lund



Eric Jordi



## 1 Copyright Subsistence

### 1.1 What are the requirements for copyright to subsist in a work?

Copyright protects original literary, artistic and scientific works expressed in any kind of medium, such as books, writing, musical compositions, dramatical works, choreographic works, audio-visual works, sculptures, paintings, plans, models, photographs, databases and computer programs.

### 1.2 On the presumption that copyright can arise in literary, artistic and musical works, are there any other works in which copyright can subsist and are there any works which are excluded from copyright protection?

Artistic interpretations, phonograms, audio-visual recordings and radio broadcasts are also protected by copyright. Excluded from copyright protection are ideas, procedures, operating methodologies or mathematical concepts as such. Further excluded are legal and regulatory provisions and their projects, as well as court decisions, acts of public agencies and the translation of such texts.

### 1.3 Is there a system for registration of copyright and if so what is the effect of registration?

Yes, although copyright subsists automatically with the fixation of the work. The so-called *Registro de la Propiedad Intelectual* (Register of Intellectual Property) constitutes an administrative mechanism whereby the copyright of the authors and other rightsholders in their works, representations or productions can be protected. As the Register is voluntary, registration is not compulsory in order to acquire copyright, nor for authors and other rightsholders to be protected by law. Inscription in the Register provides copyright protection, as it is strong evidence of the existence of the recorded rights.

### 1.4 What is the duration of copyright protection? Does this vary depending on the type of work?

The general deadline for copyright exploitation is the author's life plus 70 years from the end of the year of the author's death. There are other deadlines for moral rights and other features, as well as for authors who died before 1987.

### 1.5 Is there any overlap between copyright and other intellectual property rights such as design rights and database rights?

There may be overlaps with designs protected by design rights; a database is protected by the *sui generis* database right, and under some circumstances a logo may be protected as a trade mark as well as under copyright law.

### 1.6 Are there any restrictions on the protection for copyright works which are made by an industrial process?

There are no restrictions, as long as the creation process is initiated by a human being. The author or rightsholder may use any kind of tool or industrial process in the creation and production process of the work.

## 2 Ownership

### 2.1 Who is the first owner of copyright in each of the works protected (other than where questions 2.2 or 2.3 apply)?

The first owner of the copyright is the author of the work from the moment of its creation. From the legal point of view, the author is considered as a physical person who creates a literary, artistic or scientific work. The physical person whose name, signature or identification sign appears as such on the work is considered the author.

In the case of audio-visual works, authors are the director, the scriptwriter and the composer of the original music.

When it comes to computer programs, besides the physical person who created the program, a legal person may be considered as the initial owner of the copyright in the cases expressly provided by the law.

A similar provision can be found regarding the so-called *obra colectiva* (collective work) where ownership initially belongs to a legal or physical person, when the work was created on the initiative and supervision of a third person different from the authors and who started the creative process. This person is usually not on the same level as the authors, but in the position of a certain hierarchy. The individual creative contributions must have been conceived for the work and inseparably merge in it, which means that the conception of the work and the decision regarding its content are vested in

the third person who had the initiative, and who decides which contribution will be incorporated into the work and which will not. The authors of the individual contributions to the collective work do not have an undivided right in the work; it is impossible to accredit separately to each author an independent and distinct right in the work as a whole, or a quote or proportion of the ownership of the complete work. The copyright originally belongs to the person who planned and co-ordinated the work.

The initial owner of a work which has been released anonymously is the person who put forward the work with the consent of the author.

The copyright in an unreleased work in the public domain is vested in the person who lawfully published the work.

## 2.2 Where a work is commissioned, how is ownership of the copyright determined between the author and the commissioner?

The author will be the owner of the copyright in the work. Nevertheless, not only does copyright law apply to agreements for software developments, licences for computer programs, merchandising, advertising artwork, audio-visual adaptations, website designs, etc., but these are also governed by the regulation of the works contract in the Spanish Civil Code. This refers to the fulfilment of the commissioned work, retention rights, payment conditions, etc. Special attention has to be paid regarding the early transfer of title in writing to ensure the future exploitation of the work.

## 2.3 Where a work is created by an employee, how is ownership of the copyright determined between the employee and the employer?

The intellectual property of the employee is always governed, with preference, by the labour contract, which for these purposes has to be in writing; to be legally effective, the contract must respect the employee's right to be acknowledged as the real author of the corresponding creation. In the event that no contract has been signed or the contract does not provide anything about this concern, the author assigns the exclusive rights in the work to the employer, with the necessary scope to carry out its business activity. Consequently, the author will be considered as such but can never exploit the work. The employer in such case cannot exploit the work for purposes which exceed its activities or entrepreneurial objective. Said tacit assignment allows the employer to exploit the work only in Spain and only for two years.

## 2.4 Is there a concept of joint ownership and, if so, what rules apply to dealings with a jointly owned work?

When different authors are collaborating in the creative process, several concepts and rules of joint ownership exist.

The "collaborative work" (*obra colectiva*), whereby a plurality of authors is implied to be on the same footing, is the result of their joint effort and of the process of co-operation between them to create the work. The individual contributions may have been conceived previous to or during the creative process. Legally, the co-authors are situated on an equal footing; they share ownership of the work jointly created by them, regardless of whether their respective contributions are distinct and proportionate to the total work. The authors agree on the participation fee for each of them in the exploitation of the collaborative work; in the absence of an agreement, the participation fees are presumed to be shared equally. Regarding the exploitation itself, the individual and separable

contribution to the work can be exploited by its author(s) without restrictions, unless otherwise agreed or if the exploitation of the joint work would be undermined.

The decision to exploit the result of their collaboration has to be taken by all the authors:

- unanimously for its release;
- without unduly preventing any of the authors access to the form of the exploitation; and
- by majority, if the initial exploitation of the work at its release should be changed.

## 3 Exploitation

### 3.1 Are there any formalities which apply to the transfer/assignment of ownership?

The ownership as such of intellectual property cannot be transferred, except by means of succession; however, the intellectual property rights may be assigned under licence agreements.

### 3.2 Are there any formalities required for a copyright licence?

Strictly speaking, there are no formalities required; however, the copyright licence should be agreed in writing, as the author has the right to resolve the agreement if the assignee refuses his request for a written agreement. Furthermore, the licence agreement has to specify:

- which exploitation rights (reproduction, distribution, public communication, transformation, etc.) have been assigned by the author – it does not suffice to assign "all kinds of exploitation rights";
- the term of the assignment – if nothing in particular is agreed, the assignment is limited to five years;
- the territory of the assignment – if nothing in particular is agreed, the assignment is limited to the country where the agreement is signed; and
- the monetary compensation, which is usually proportional to the revenues generated by the exploitation, but may constitute a flat rate fee under certain circumstances.

### 3.3 Are there any laws which limit the licence terms parties may agree (other than as addressed in questions 3.4 to 3.6)?

The Spanish Copyright Act (*Real Decreto Legislativo 1/1996, de 12 de abril, Ley de Propiedad Intelectual*) establishes a number of limits on the assignment and licensing of copyrights. The assignment of future works is not permitted and the obligation of an author committing not to create a work in the future must be deemed null and void. The waiver of the author of the moral rights is also not permitted under Spanish law, and therefore moral rights cannot be transferred or licensed.

### 3.4 Which types of copyright work have collective licensing bodies (please name the relevant bodies)?

Authors' rights:

- *Sociedad General de Autores y Editores* (SGAE – society of authors and publishers) is the main collective licensing body for songwriters, composers and music publishers.



- *Centro Español de Derechos Reprográficos* (CEDRO – Spanish reproduction rights organisation) is at the service of writers, translators, journalists and publishing houses.
- *Visual Entidad de Gestión de Artistas Plásticos* (VEGAP – collective licensing body for visual artists) manages the author rights of painters, sculptors, photographers, illustrators, designers, video artists, net artists and architects.
- *Derechos de Autor de medios audiovisuales* (DAMA – intellectual property of audio-visual works) specialises in the collection of rights subject to mandatory collective management for directors and screenwriters.

Performers' rights:

- *Artistas intérpretes o ejecutantes, sociedad de gestión de España* (AIE – Spanish society of performing or executing artists) is the collective body for musical performers.
- *Artistas intérpretes, sociedad de gestión* (AISGE – collecting society for performers) is at the service of audio-visual performers, i.e. actors, dancers, stage directors, etc.

Producers' rights:

- *Asociación de gestión de derechos intelectuales* (AGEDI – intellectual property rights collecting association) with the main purpose of collective management of intellectual property rights granted to music producers.
- *Entidad de gestión de derechos de los productores audiovisuales* (EGEDA – collection society for the rights of audio-visual producers) manages the rights of producers of audio-visual work and original owners of such rights.

### 3.5 Where there are collective licensing bodies, how are they regulated?

Collecting societies are exhaustively regulated under the Spanish Copyright Act. The applicable provisions of the Spanish Copyright Act regulate a wide range of aspects concerning the licensing bodies' activity, such as the legal requirements of collecting societies to be permitted by the Ministry of Culture, general principles of collective management, statutes and general assembly of such societies, transparency, governance, administration and internal control measures, applicable fees to licensees, etc.

The current regulation also recognises the so-called "independent management entities" as licensing bodies; these new for-profit and private management undertakings were introduced following the implementation of Directive 2014/26/UE.

Since collecting societies are typically in a dominant position in their respective territories, Spanish and European antitrust regulations also apply to collecting societies, especially in all that concerns excessive and unfair fees and discriminatory or abusive behaviours.

### 3.6 On what grounds can licence terms offered by a collective licensing body be challenged?

Collecting societies are obliged to negotiate and conclude general contracts with associations of users of their repertoire, provided that said users request such negotiation and there are enough of them to be representative of their corresponding sector.

Additionally, the collective management entities are obliged to establish general fees – that may be simple and clear – for the corresponding remuneration for the use of their repertoire. In the absence of a general contract with a sectorial association, general fees will apply.

A collective licensing body's fees must be fair and non-discriminatory; the amount of the fees will be established under reasonable conditions, taking into account the economic value of

the use of the rights and the benefit for the user's activity, seeking a fair balance between the parties involved (licensing body and user).

Associations of users, broadcasters or particularly significant users may challenge the general fees established by collective management entities before the so-called "Intellectual Property Board", an administrative body depending on the Ministry of Culture. Notwithstanding the above, a collective licensing body's fees may also, in parallel, be challenged before the commercial courts. Additionally, licence fees may be discussed before the national competition authorities, when they involve an eventual infringement of antitrust regulations (abuse of dominant position).

## 4 Owners' Rights

### 4.1 What acts involving a copyright work are capable of being restricted by the rights holder?

The rightsholder may prevent any non-authorised exploitation acts carried out by the infringer, i.e. any form of reproduction, distribution, transformation and public performance, including making works available to the public.

In case of infringement, the rightsholder may urge that the illegal activity of the infringer be ceased, and claim compensation for the material and moral damages caused; the aggrieved party may also call for the publication or dissemination, in whole or in part, of the judicial or arbitral decision in the media at the expense of the infringer.

### 4.2 Are there any ancillary rights related to copyright, such as moral rights, and if so what do they protect, and can they be waived or assigned?

Moral rights have a personal character (inherent to the person of the author), and are inalienable and non-transferable.

Moral rights recognised under Spanish law are the following:

- 1) Right of disclosure: the author's right to decide whether his work is to be disclosed, in what form and if it has to be done with his name or under a pseudonym, sign or anonymously.
- 2) Right of paternity: the author's right to be acknowledged as author of the work.
- 3) Right of integrity: the author's right to demand respect for the integrity of the work and prevent any deformation, modification, alteration or attack against it that is detrimental to his interests or reputation.
- 4) Right of modification: the author's right to modify and prevent the modification of the work.
- 5) Right of removal: the author's right to withdraw the work from commerce, due to a change in his intellectual or moral convictions.
- 6) Right of access to the unique copy: the author's right to access the unique or rare copy of the work, when it is in the possession of third persons.

### 4.3 Are there circumstances in which a copyright owner is unable to restrain subsequent dealings in works which have been put on the market with his consent?

The Spanish Copyright Act expressly recognises the principle of exhaustion of the distribution rights after the first sale, when such first sale has been carried out by the rightsholder and/or with his consent within the territory of the European Economic Area. If this is the case, the rightsholder will not be in a position to prevent subsequent sales of the protected works.

## 5 Copyright Enforcement

### 5.1 Are there any statutory enforcement agencies and, if so, are they used by rights holders as an alternative to civil actions?

There are no statutory enforcement agencies as such under Spanish law.

### 5.2 Other than the copyright owner, can anyone else bring a claim for infringement of the copyright in a work?

Beside the copyright owner, the exclusive licensee is also entitled to bring action against the copyright infringer, independently from the licensor.

Collective licensing bodies – such as SGAE, AIE, DAMA, etc. – may also bring action against copyright infringers, as long as the action falls within the scope of the entity's statutes.

Additionally, Spanish law regulates an administrative body depending on the Ministry of Culture – the so-called “Intellectual Property Board” – for the safeguarding of intellectual property rights against online infringement by information society service providers. The mentioned body is entitled to enforce measures in order to interrupt the provision of an information society service provider that violates intellectual property rights, or even to directly remove infringing content.

### 5.3 Can an action be brought against ‘secondary’ infringers as well as primary infringers and, if so, on what basis can someone be liable for secondary infringement?

Besides the primary infringer, the Spanish Copyright Act also acknowledges as those responsible for the infringement all persons who, knowingly: induce the infringing conduct; co-operate with the same, knowing the conduct is infringing or having reasonable indications to know it; and any person who, having a direct economic interest in the results of the infringing conduct, has an ability to control the behaviour of the infringer.

### 5.4 Are there any general or specific exceptions which can be relied upon as a defence to a claim of infringement?

The Spanish Copyright Act expressly regulates a set of limits to the copyright, which may serve as a ground of defence against an infringement claim. Those limits include: provisional reproductions and private copy; quotations and summaries with educational and/or research purposes; articles on topical subjects; use of databases by the entitled user; use of works in the reporting of current events and of works located on public thoroughfares; parodies; and use of works in official acts and religious ceremonies, among others. Besides the legal limits to the exploitation rights, a supplementary exception that may serve as a defence resource in an infringement is the exhaustion of distribution rights, as mentioned in question 4.3.

### 5.5 Are interim or permanent injunctions available?

Both types of injunction are available under Spanish law. Actions of a permanent injunction may include:

- a) suspending the infringing exploitation or the activity constituting the infringement;

- b) prohibiting the infringer from resuming the exploitation or the activity constituting the infringement;
- c) withdrawing and destroying unlawful copies from the market;
- d) withdrawing from commercial circuits, disabling, and, where necessary, destroying, any moulds, plates, printing blocks, negatives and other material, equipment or instruments intended for the reproduction, creation or manufacture of unlawful copies;
- e) removing, or placing seals on, devices used for unlicensed communication to the public of works or services, as well as those in which the data has been erased or altered without authorisation;
- f) confiscating, disabling and, if necessary, destroying the instruments whose sole purpose is to facilitate the unlicensed removal or neutralisation of any technical device used to protect a computer program; the same measures may be adopted in relation to the devices, products or components which are used to conceal such technological measures;
- g) removing or sealing instruments used to facilitate the non-authorised suppression or neutralisation of any technical device whatsoever used to protect works or services, even if this is not the only use of such instruments; and/or
- h) suspending the services provided by intermediaries to third parties who use them to infringe intellectual property rights.

In the event of infringement or where there are good and reasonable grounds to deduce that infringement is imminent, the judicial authority may also agree to take precautionary measures aiming for the immediate protection of the copyright, in particular: the seizure and deposit of revenue earned through the unlawful activity concerned or the deposit of amounts payable by way of remuneration; suspension of the reproduction, distribution and communication to the public of the work; seizure of copies produced or used and/or the material used for the reproduction or communication to the public; seizure or destruction of equipment, devices, etc.; and/or suspension of the services provided by intermediaries to third parties who use them to infringe intellectual property rights.

### 5.6 On what basis are damages or an account of profits calculated?

As in other European jurisdictions, damages shall be set, at the aggrieved party's choice, following one of the two following criteria:

- a) The negative economic consequences, including the “*lucrum cessans*” suffered by the aggrieved party and the profits that the infringer may have obtained from his unlawful use of the copyright.
- b) The money the aggrieved party would have received, if the infringer had requested a licence to use the copyright in question.

In both cases, the aggrieved party may also claim for moral prejudice, even where there is no evidence of economic prejudice. Moral damages shall be determined according to the circumstances of the infringement, the seriousness of the harm caused and the extent of the unlawful dissemination of the work.

### 5.7 What are the typical costs of infringement proceedings and how long do they take?

The costs of infringement proceedings will depend on many factors, but the main circumstances to take into account are the economic interests at stake, the complexity of the case and the volume of documents and evidence. Under Spanish civil procedural law, the winning party is entitled to a refund of the fees and expenses; if

this is the case, attorney's fees will be calculated on the basis of the claimed amount and based on the local Bar Association guidelines.

The length of the proceedings in the first instance will very much depend on the workload of the local court in charge of the case; as an average, we should expect that a proceeding may last between 18 and 24 months in the first instance.

#### **5.8 Is there a right of appeal from a first instance judgment and if so what are the grounds on which an appeal may be brought?**

Spanish civil procedural law establishes the litigant's right to appeal the first instance decision, without any limitation on formal or subject matter aspects. The second instance decision may also be appealed before the Spanish Supreme Court but, in contrast to the first instance appeal, access to the revision is extraordinarily limited and subject to very strict requirements, concerning not only the form but also the subject matter.

#### **5.9 What is the period in which an action must be commenced?**

The Spanish Copyright Act expressly regulates a statutory limitation of five years to bring an action against the infringer when claiming for damages; the period must be counted from the moment the aggrieved party "was able" to bring an action.

### **6 Criminal Offences**

#### **6.1 Are there any criminal offences relating to copyright infringement?**

Crimes against intellectual property are expressly recognised in the Spanish Criminal Code. Criminal liability for offences concerning copyright may amount to up to six years of imprisonment.

#### **6.2 What is the threshold for criminal liability and what are the potential sanctions?**

The behaviours regulated in the Criminal Code are punished only when they are committed intentionally; that is, knowingly or intentionally, with knowledge and willingness to carry out the action. The specific intent corresponds to the "desire to obtain

a direct or indirect economic benefit"; it follows that a negligent copyright infringement may not be punished under Spanish criminal law.

### **7 Current Developments**

#### **7.1 Have there been, or are there anticipated, any significant legislative changes or case law developments?**

As a matter of urgency, the Spanish Copyright Act was modified in April 2018, with the aim of implementing Directives 2014/26/EU (collective management of rights) and 2017/1564 (permitted uses for the benefit of persons who are blind, visually impaired or otherwise print-disabled, and the harmonisation of certain aspects of copyright and related rights in the information society). The legal text was amended through an express legislative procedure and without parliamentary debate, in order to avoid EU fines to Spain due to the delay in the implementation of said Directives. However, political representatives have expressed the intention of opening the legal reform to a parliamentary debate, and allowing political parties to present their contributions; it follows that modifications of the Spanish Copyright Act are very likely in the short term.

#### **7.2 Are there any particularly noteworthy issues around the application and enforcement of copyright in relation to digital content (for example, when a work is deemed to be made available to the public online, hyperlinking, etc.)?**

As mentioned in question 5.2, an administrative body depending on the Ministry of Culture – the so-called "Intellectual Property Board" – is entitled to safeguard intellectual property rights from online infringement by information society service providers. However, the performance and effectiveness of this administrative body is currently at stake.

The Spanish Criminal Code was amended in 2015, which included new regulations concerning criminal offences related to copyright. One of the most notorious modifications addressed unlawful hyperlinking websites, punishing the infringers that facilitate – in an active and biased manner – the access to or location on the Internet of works without the authorisation of the rightsholders, "*in particular offering listings ordered and classified links to the works and contents referred to above*".

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Eric's papers are regularly published in the general and specialised press regarding subjects connected to Authors' Rights, Intellectual Property and Competition Law, and he collaborates as a speaker in many conferences and courses.



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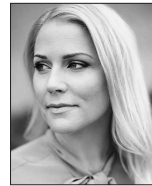
# Sweden

My Byström



Synch Advokat AB

Sara Sparring



## 1 Copyright Subsistence

### 1.1 What are the requirements for copyright to subsist in a work?

For copyright to subsist, there must be originality and the work must be a result of a personal creative effort by a (physical) person. There are no formal requirements such as registration for copyright to subsist.

### 1.2 On the presumption that copyright can arise in literary, artistic and musical works, are there any other works in which copyright can subsist and are there any works which are excluded from copyright protection?

Copyright can, in addition to the presumption above, also arise in representations in:

- speech;
- computer programs;
- cinematographic works;
- photographic works;
- a work of architecture;
- blueprints and schematics;
- ads and promotional materials;
- a work of applied art (such as toys, furniture, fashion and jewellery); and
- works expressed in some other manner.

Certain rights neighbouring to copyright are also afforded protection, such as:

- performances by performing artists;
- producers' recordings of sounds and images;
- recordings of sound recordings;
- catalogues, a table or another similar product in which a large number of information items have been compiled or which are the result of a significant investment of work; and
- photographic pictures, which are not considered photographic works as there is no requirement for artistic considerations and which include amateur photos, x-ray shots, etc.

Excluded from copyright protection are official documents:

- laws and other regulations;
- decisions by public authorities;
- reports by Swedish public authorities; and
- official translations of such texts.

However, if maps, works of drawing, painting or engraving, musical works, or works of poetry make up part of the official documents, then copyright can subsist in such works.

### 1.3 Is there a system for registration of copyright and if so what is the effect of registration?

There is no system for registration of copyright in Sweden.

### 1.4 What is the duration of copyright protection? Does this vary depending on the type of work?

As a main rule, copyright in a work shall subsist until the end of the seventieth year after the year in which the author deceased or, in the case of a work which has several authors, after the year in which the last surviving author deceased.

However, duration does vary regarding some rights, for example:

- copyright in a cinematographic work subsists to the end of the seventieth year after the death of the last deceased of one of the following persons: the principal director; the author of the screenplay; the author of the dialogue; or the composer of the music specifically created for the work;
- when a work has been published without the author's name or under a pseudonym, it will subsist until the end of the seventieth year after the year in which the work was made public;
- protection for the performance of performing artists subsists until the expiry of the fiftieth year from the year when the performance took place or, if the performance has been published or made public within 50 years from the performance, from the year when the recording was first published or made public;
- copyright protection to broadcast radio and TV lasts until 50 years has passed from the broadcast;
- photographic pictures are protected for 50 years from the time the picture was taken; and
- catalogues are protected for 15 years after the work was produced.

### 1.5 Is there any overlap between copyright and other intellectual property rights such as design rights and database rights?

Yes, there can be an overlap between copyright, design rights and trade mark rights. For example, industrial designs, such as furniture, patterns or applied arts, can have both copyright and design

protection. Regarding trademarks, there can, for example, be an overlapping protection for the design of logos which are considered to have originality as works.

Regarding database rights, databases are protected under copyright legislation in Sweden.

### **1.6 Are there any restrictions on the protection for copyright works which are made by an industrial process?**

No, there are not.

## **2 Ownership**

### **2.1 Who is the first owner of copyright in each of the works protected (other than where questions 2.2 or 2.3 apply)?**

Any person who has created a literary or artistic work is the owner of the copyright in that work. There is a presumption that the person whose name or generally known pseudonym is on the work is to be considered the creator.

### **2.2 Where a work is commissioned, how is ownership of the copyright determined between the author and the commissioner?**

As a main rule, the transfer of a copy does not include a transfer of the copyright. However, the copyright can be transferred entirely or partially through agreements. Regarding portraits executed on commission, the author may, however, not exercise his right without the consent of the person who commissioned it or, after the death of such a person, the surviving spouse and heirs.

### **2.3 Where a work is created by an employee, how is ownership of the copyright determined between the employee and the employer?**

With the exception of computer programs, the first owner is the employee, who is the creator; the copyright has to be transferred to the employer, who then only has a derived right. In practice, this is often regulated in the employment contract.

The copyright in a computer program created by an employee as a part of his tasks or following instructions by the employer is transferred to the employer unless otherwise agreed in the contract.

### **2.4 Is there a concept of joint ownership and, if so, what rules apply to dealings with a jointly owned work?**

Yes, there is a concept of joint ownership if a work has two or more authors, whose contributions do not constitute independent works. The contribution needs to go beyond assisting and following instructions but must be a personal creative effort. To exercise copyright, all authors need to agree every time the copyright is to be exercised, with the exception that each one of the authors is entitled to bring an action for infringement.

## **3 Exploitation**

### **3.1 Are there any formalities which apply to the transfer/assignment of ownership?**

There are no formalities required for the transfer of ownership for copyright in most instances. There are, however, exceptions to this rule for the right to perform a work, publishing agreements and film contracts.

Where a right to perform a work in public has been transferred, the transfer is only valid for three years, and the transfer does not confer exclusivity. Even if the parties agree on a longer term than three years and/or exclusivity, the author may still communicate or perform the work and may transfer the right to another person, if the original transferee has not exercised the right within three years. This does not apply to cinematographic works.

Regarding publishing agreements, there are several formalities, such as they only transfer the right to publish copies, not the right to the manuscript, and that the publisher has to publish the work within a reasonable time. The publisher has the right to publish one edition, which may not exceed:

- 2,000 copies in case of a literary work;
- 1,000 copies in case of a musical work; or
- 200 copies in case of a work of fine art.

The Swedish copyright legislation also sets out specific demands for film contracts. If the right to use a literary or musical work for a film intended for public showing is transferred, the transferee must produce the film and make it available to the public within a reasonable time. If the film is not produced and made available, the author may rescind the contract and keep the remuneration received, and any damage suffered not covered by the remuneration shall also be compensated. If the cinematographic work has not been produced within five years from the time when the author fulfilled his obligations, the author may rescind the contract and keep the remuneration received, even if there is no fault on the part of the transferee.

### **3.2 Are there any formalities required for a copyright licence?**

No, there are no formalities required for a copyright licence.

### **3.3 Are there any laws which limit the licence terms parties may agree (other than as addressed in questions 3.4 to 3.6)?**

No, licence agreement terms are not subject to further limitations than those that apply in standard contract law.

### **3.4 Which types of copyright work have collective licensing bodies (please name the relevant bodies)?**

Several different types of copyright work have collective licensing bodies, which include art and photography, music, literature, radio and TV shows. The most important organisations in Sweden include ALIS, Bildupphovsrätt i Sverige, Bonus Copyright Access, Copyswede, IFPI, SAMI and STIM.

### 3.5 Where there are collective licensing bodies, how are they regulated?

Since 2017, the collective licensing bodies have been regulated in the Swedish Collective Management of Copyright Act (SW: *Lag om kollektiv förvaltning av upphovsrätt*) and are under supervision of the Swedish Patents and Registration Office (PRV).

### 3.6 On what grounds can licence terms offered by a collective licensing body be challenged?

The copyright owner or another collective management body has the right to lodge a complaint, to which the collective management body shall reply to in writing. Any party to the licence terms has the right to file a claim at the general court. Common copyright infringements include the sale of copies, uploading and downloading copies to the internet, and publicly performing the work.

## 4 Owners' Rights

### 4.1 What acts involving a copyright work are capable of being restricted by the rights holder?

The rights holder has the exclusive right to exploit the work by making copies of it and by making it available to the public. The work is considered to be exploited or made available despite whether it is in the original or in an altered manner, in translation or adaptation, in another literary or artistic form, or in another technical manner.

### 4.2 Are there any ancillary rights related to copyright, such as moral rights, and if so what do they protect, and can they be waived or assigned?

Yes, the author has moral rights in the work. This includes the right for the author to be named, and the right to oppose offensive changes. These rights cannot be assigned, although the author can waive his rights. However, the author cannot offer a general waiver of his rights, and the waiver has to be specified to a certain performance or change.

### 4.3 Are there circumstances in which a copyright owner is unable to restrain subsequent dealings in works which have been put on the market with his consent?

Yes, as a main principle, when a copy of a work has been transferred with the consent of the author, then that copy may be further distributed by purchase, trade or gift. Additionally, where a work has been published, the published copies may be publicly displayed.

In relation to hyperlinking, the general rule is that hyperlinking to works which have been freely available on a webpage with the owner's consent is not considered as making the works available to a new public, and therefore the owner cannot restrain this.

## 5 Copyright Enforcement

### 5.1 Are there any statutory enforcement agencies and, if so, are they used by rights holders as an alternative to civil actions?

Yes, following a complaint by a party, a public prosecutor can bring

an infringement claim forward. The Swedish Customs Authority is entitled to seize copyright infringing goods on the request of the right owner, and the Swedish Enforcement Agency may carry out investigations of infringements or seizures, but only after a court judgment.

### 5.2 Other than the copyright owner, can anyone else bring a claim for infringement of the copyright in a work?

Yes, in addition to what is stated in question 5.1, a party which, on the basis of licence, has the right to exploit the work may bring a claim for infringement.

### 5.3 Can an action be brought against 'secondary' infringers as well as primary infringers and, if so, on what basis can someone be liable for secondary infringement?

No, Swedish law does not recognise the concept of secondary infringement; however, a party which is aiding and abetting an infringement can be found to have responsibility for complicity.

### 5.4 Are there any general or specific exceptions which can be relied upon as a defence to a claim of infringement?

In Swedish copyright law, there is no general "fair use" ground which can be relied upon. There are, however, several specific exceptions, such as:

- making temporary copies, which is an integral and essential part of a technological process, where the copies have no independent economic process;
- making copies for private purposes;
- making copies or composite works for educational activities;
- making copies for people with disabilities, such as sound recordings;
- alteration of buildings and of useful articles;
- use of works may be used in connection with information on current events, to the extent that is justified by the purpose of the information;
- use of oral and/or written statements before public authorities, government or municipal representative bodies, public debates or public questioning;
- parody; and
- quotation.

### 5.5 Are interim or permanent injunctions available?

Yes, both interim and permanent injunctions are available.

A preliminary injunction can be sought either in connection with or after the application for summons. Preliminary injunctions are only granted if the main proceedings have already begun. The claimant must show cause for preparation, attempt and ongoing infringements and there is a requirement for the claimant to deposit security to the court. A preliminary injunction is based on a default fine until the final decision regarding the claim.

A permanent injunction can be issued by the court, where a party subject to a fine can be prohibited from continuing to commit or contribute to acts that constitute attempted or prepared copyright infringement.

## 5.6 On what basis are damages or an account of profits calculated?

The party who exploits the copyright shall pay the rights holder a reasonable compensation for the exploitation. This is a hypothetical sum which is supposed to be at least the equivalent of what would have been agreed to in a licence agreement.

Where the exploitation was wilful or done due to negligence, then compensation for further damage which has been caused shall be paid. The bases for calculation of such damage is loss of profit, the loss of sales, profit made by the infringer, any damage to the reputation of the work, moral damage and the lost opportunity to place the work in a particularly profitable manner. Additionally, internal costs to determine the infringement can be included in the damages.

## 5.7 What are the typical costs of infringement proceedings and how long do they take?

The costs for infringement proceedings can greatly vary depending on the complexity of the case, but the typical costs would be 300,000–700,000 Swedish Crowns per party. Infringement procedures in the first instance (Patent and Market Court, “PMD”) usually take around one year.

## 5.8 Is there a right of appeal from a first instance judgment and if so what are the grounds on which an appeal may be brought?

Yes, there is the possibility to appeal from the PMD to the Patent and Market Court of Appeal (“PMÖD”). The PMÖD decides if the leave of appeal is granted. The grounds on which a leave of appeal may be granted are:

- there is a reason to change the ruling from the PMD;
- there is a need for the PMÖD to better decide if the ruling from the PMD is correct;
- it is important for guidance in the application of the law that the appeal be examined by the PMÖD; and
- there are other extraordinary reasons to bring forward the appeal.

## 5.9 What is the period in which an action must be commenced?

An appeal needs to be lodged at the PMD within three weeks from the day of the judgment. If one party appeals within this time, then the counterparty may further cross-appeal, even after the time limit.

# 6 Criminal Offences

## 6.1 Are there any criminal offences relating to copyright infringement?

Yes, there are.

## 6.2 What is the threshold for criminal liability and what are the potential sanctions?

Anyone who wilfully or with gross negligence infringes on another’s copyright in a work can be held liable and can face fines or imprisonment for up to two years.

# 7 Current Developments

## 7.1 Have there been, or are there anticipated, any significant legislative changes or case law developments?

There are some anticipated legislative changes. There is a Swedish legislative proposal currently under consideration, to introduce a new range of punishments for intellectual property infringements, which includes felony copyright infringement. It is suggested that a felony copyright infringement will have potential sanctions of between six months up to six years in prison for the infringer. In the assessment, if an infringement should be considered a felony infringement, the court should take into account whether the infringement led to particularly noticeable damage, entailed a significant gain or was particularly grave or harmful.

The European Union Parliament will, in September 2018, vote on a new draft for a Directive on Copyright in the Digital Single Market. As the proposal has not yet been presented, we still cannot be sure of the implications of the new Directive.

## 7.2 Are there any particularly noteworthy issues around the application and enforcement of copyright in relation to digital content (for example, when a work is deemed to be made available to the public online, hyperlinking, etc.)?

Last year, the PMÖD delivered the judgment *Bredbandsbolaget* (Patent and Market Court of Appeal, case no. 11706-16), regarding the question of whether it is possible to issue an injunction towards an Internet Service Provider (“ISP”), and if an ISP can be considered complicit in a copyright infringement. In *Bredbandsbolaget*, the court concluded that an ISP can have responsibility for complicity, even if an ISP does not meet the high threshold set out in Swedish penal law. In its judgment, the court stated that an ISP, by providing internet services to its subscribers to access material that was made available to the public on the internet without authorisation, can be considered to have made an intermediary contribution to the infringement, and a prohibition under penalty of a fine can be issued if the conditions in general are fulfilled – i.e., that there is a copyright infringement, that the ISP furthers the infringement by providing internet services and that the prohibition is proportionate. According to the court, the ISP’s responsibility for complicity is to be interpreted in accordance with the Infosoc Directive (2001/29/EC), which is a change, as the previous standpoint in Sweden had been that one can only have responsibility for complicity in accordance with the requirements set out in penal law. In the present case, the court found that the conditions were fulfilled and issued a prohibition under penalty of a fine, prohibiting the continued complicity in the copyright infringement and prescribing the ISP to block their subscribers from accessing the website where copyright protected work had been made available.



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**My Byström** joined Synch in 2017 and works as a lawyer contributing to the intellectual property, commercial and data privacy practice of the firm, with a strong interest and specialisation in intellectual property law. My acquired her Master of Laws degree from Lund University in 2017, focusing her Master's studies in intellectual property law. She also studied courses in comparative European law at Maastricht University. My is a member of the Swedish Association for the Protection of Industrial Property (SFIR) and the Association for the Protection of Intellectual Property (AIPPI) for Sweden.

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**Sara Sparring** has more than 15 years of experience of the whole spectra of IP-related work (contentious and non-contentious), and is a regular speaker on IP issues. Furthermore, Sara is a member of the International Trademark Association (INTA), serves on the Anti-Counterfeiting Committee of the European Communities Trademark Association (ECTA), the International Association for the Protection of Intellectual Property (AIPPI), the International Association for the Protection of Industrial Property (SFIR) and is vice chair of the Swedish Anticounterfeiting Committee Group (SACG). Sara worked as a trainee/associate at a law firm in 1997–2000. She served as an assistant judge at the District Court of Solna in 2000–2002. Sara worked at Bird & Bird in 2002–2014 (2009–2014 as a partner and Head of the IP Group and Life Sciences Group). Sara was seconded to the medical device company Phadia AB (Thermo Fisher Scientific Inc.) in 2007–2008. In March 2014, Sara co-founded Synch.

# synch

**Synch** assists from the very beginning in creating a complete strategy to ensure an optimal protection of the client's intellectual property rights. Such assistance includes strategic counselling, research, clearance, registration and commercialisation. Synch's services include all types of intellectual property, such as copyright, trademarks, patents, design, domain names, unfair competition and trade secrets. Synch further assists in the commercialisation, prosecution and enforcement of the client's intellectual property rights. We assist clients in negotiation, drafting and review of commercial agreements and also through litigation in courts of law, national and international arbitration and alternative dispute resolution. In addition, Synch works with preventive strategies to assist clients against, for example, counterfeiting. The firm has gained vast experience from our cases involving technology/IP-reliant clients as well as clients within retail, digital businesses, and health and life sciences. The in-depth IP and technology expertise of the firm, combined with our regulatory experience, makes the IP team well-suited to assist business sectors that are heavily dependent on technology, IP and/or regulatory matters in their day-to-day operations.

# Switzerland

Wenger Plattner

Melanie Müller



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## 1 Copyright Subsistence

### 1.1 What are the requirements for copyright to subsist in a work?

Irrespective of their value or purpose, works are literary and artistic intellectual creations with an individual character. Unlike for other intellectual property rights, there are no formal requirements such as registration.

### 1.2 On the presumption that copyright can arise in literary, artistic and musical works, are there any other works in which copyright can subsist and are there any works which are excluded from copyright protection?

The Federal Act on Copyright and Related Rights (“CopA”) provides a non-exhaustive catalogue of what are considered to be protected works. In particular, they include: literary, scientific and other linguistic works; musical works and other acoustic works; works of art, in particular paintings, sculptures and graphic works; works with scientific or technical content such as drawings, plans, maps or three-dimensional representations; works of architecture; works of applied art; photographic, cinematographic and other visual or audio-visual works; choreographic works and works of mime; and computer programs. Drafts, titles and parts of works, insofar as they are intellectual creations with an individual character, are also protected.

Generally speaking, works that do not fall within the definition of literary and artistic intellectual creations with an individual character are not copyright protected. The following are explicitly not protected: acts, ordinances, international treaties and the like; means of payment, decisions, minutes and reports issued by authorities and public administrations; patent specifications and published patent applications; and official or legally required collections and translations of stated works.

### 1.3 Is there a system for registration of copyright and if so what is the effect of registration?

The validity of a copyright is not dependent on registration; moreover, there is no registration process at all. Copyright always originates in the person of the creator. The author is the natural person who created the work, meaning that the right arises from the creation of the work

itself and commences the very moment the work comes into being (if the requirements for copyright protection are met).

### 1.4 What is the duration of copyright protection? Does this vary depending on the type of work?

A work is protected by copyright as soon as it is created, irrespective of when it has been fixed in a physical medium. In the case of a computer program, protection expires 50 years after the death of the author, and in the case of all other works, 70 years after the death of the author. Where it is assumed that the author has been dead for more than 50 or 70 years respectively, protection no longer applies. The term of protection is calculated from 31 December of the year in which the event determining the calculation occurred.

Where two or more persons have contributed to the creation of a work (joint authorship), protection expires according to the paragraph above with regard to the last surviving joint author. Where the individual contributions may be separated, protection for each contribution expires separately.

Where the author of a work is unknown, protection for that work expires 70 years after it has been published or, if it has been published in instalments, 70 years after the final instalment. If the identity of the person who has created the work becomes publicly known before the expiry of the aforementioned term, protection for the work expires according to the paragraph above.

### 1.5 Is there any overlap between copyright and other intellectual property rights such as design rights and database rights?

A work can be protected simultaneously by copyright and other intellectual property rights (i.e. trademark rights or design rights). Additional protection is also possible, according to the Federal Act against Unfair Competition (“UCA”).

### 1.6 Are there any restrictions on the protection for copyright works which are made by an industrial process?

The author is the natural person who created the work, meaning that there is no general restriction, provided that the work was created by a natural person. Nevertheless, the author can use any available technology, as long as the work itself was created by the author himself and not entirely by an industrial process.

## 2 Ownership

### 2.1 Who is the first owner of copyright in each of the works protected (other than where questions 2.2 or 2.3 apply)?

The first copyright owner of a work is the author defined as the natural person who created the work. In Switzerland, the creator principle applies, i.e. copyright always originates in the person of the creator, respectively the author. An exception (contrary to the system) is found in the law regarding publishing contracts. Legal entities cannot originally acquire copyrights, but can do so derivatively, e.g. through legal transactions.

Unless proven otherwise, the author is the person whose name, pseudonym or distinctive sign appears on the copies or the publication of the work. As long as the author is not named or remains unknown in the case of a pseudonym or distinctive sign, the person who is the editor of the work may exercise the copyright. Where such person is also not named, the person who has published the work may exercise the copyright.

Swiss law also grants copyright-related rights (so-called “neighbouring rights”) to performers, phonogram and audio-visual fixation producers and broadcasting organisations.

### 2.2 Where a work is commissioned, how is ownership of the copyright determined between the author and the commissioner?

The sole right owner is always the author himself, and the author has the exclusive right to decide whether, when and how his work is used. The commissioner will not automatically acquire ownership of the copyright in the work created for him (for the exception, see question 2.1). The copyright in this case needs to be assigned to the commissioner. The assignment of a right subsisting in the copyright does not include the assignment of other partial rights, unless such was agreed. The assignment of the ownership of a copy of a work does not include the right to exploit the copyright, even in the case of an original work.

### 2.3 Where a work is created by an employee, how is ownership of the copyright determined between the employee and the employer?

A dependent work creation is the creation of a work in the context of an employment contract, an agency contract (see question 2.2) or a contract for work and services. In contrast to patent and design law, copyright law does not contain any provisions on works created within the framework of an employment relationship.

Exceptions are the rights to computer programs. Where a computer program has been created under an employment contract in the course of fulfilling professional duties or contractual obligations, the employer alone shall be entitled to exercise the exclusive rights of use.

Apart from the above, the owner of the work is always the author himself. In practice, the rights to the works created under the contract in question must be transferred to the employer, client, etc., who acquire the copyrights derivatively. In the absence of an explicit provision, the theory of purpose transfer takes effect as a rule of interpretation, according to which only those rights are transferred to the employer etc., which are necessary for the fulfilment of the contract.

### 2.4 Is there a concept of joint ownership and, if so, what rules apply to dealings with a jointly owned work?

Where two or more persons have contributed as authors to the creation of a work, copyright belongs to all such persons jointly (joint authorship). Unless they have agreed otherwise, they may only use the work with the consent of all authors; consent may not be withheld for reasons contrary to the principles of good faith.

Each joint author may independently bring an action for infringement, but may only ask for relief for the benefit of all. Where the individual contributions may be separated and there is no agreement to the contrary, each joint author may use his own contribution independently, provided such use does not impair the exploitation of the joint work.

## 3 Exploitation

### 3.1 Are there any formalities which apply to the transfer/assignment of ownership?

There are no formalities which apply to the transfer or assignment of ownership. Copyright is in general assignable and may be inherited. However, as with any legal transaction, written form is recommended. In the context of inheritance law, relevant formal requirements must be considered.

### 3.2 Are there any formalities required for a copyright licence?

There are no formalities required for a copyright licence. However, as with any legal transaction, written form is recommended, especially for evidence reasons and in order to avoid possible interpretation disputes.

### 3.3 Are there any laws which limit the licence terms parties may agree (other than as addressed in questions 3.4 to 3.6)?

There are no specific laws limiting the licence terms, but the general limitations to contracts also apply to licence terms. Accordingly, a (licensing) contract is void if its terms are impossible, unlawful or immoral. In addition, the law prohibits any excessive restrictions within contracts.

### 3.4 Which types of copyright work have collective licensing bodies (please name the relevant bodies)?

The following are subject to federal supervision: the management of exclusive rights for the performance and broadcasting of non-theatrical works of music, and the production of phonograms and audio-visual fixations of such works; the assertion of exclusive rights of certain works; and the assertion of certain rights to remuneration provided for in this Act. The Federal Council may subject other areas of collective rights management to federal supervision if public interest so requires. Personal use of exclusive rights by the author or his heirs is not subject to federal supervision.

In Switzerland, the following collective licensing bodies exist:

- SUISA (musical works with the exception of theatrical works);
- ProLitteris (literary and dramatic works as well as works of fine art and photography);

- SUISSIMAGE (visual and audio-visual works);
- SWISSPERFORM (rights of performers, producers of audio and video recordings and broadcasting companies); and
- Société Suisse des Auteurs (SSA) (theatrical and audio-visual works).

### 3.5 Where there are collective licensing bodies, how are they regulated?

Any person who exploits rights which are subject to federal supervision requires authorisation from the Swiss Federal Institute of Intellectual Property (IPI).

Authorisation is only given to collective rights management organisations which: (1) have been founded under Swiss law; (2) are domiciled in Switzerland and conduct their business from Switzerland; (3) have the management of copyright or related rights as their primary purpose; (4) are open to all holders of rights; (5) grant an appropriate right of participation in the decisions of the society to authors and performers; (6) guarantee compliance with the statutory provisions, in particular in terms of their articles of association; and (7) give rise to the expectation of the effective and economic exploitation of rights. In general, authorisation is only granted to a single collective rights management organisation per category of work, and to a single collective rights management organisation for related rights.

Authorisation is granted for five years; on expiry, it may be renewed for the same term.

### 3.6 On what grounds can licence terms offered by a collective licensing body be challenged?

The Federal Arbitration Commission for the Exploitation of Copyrights and Related Rights (Arbitration Commission) is responsible for approving the tariffs drawn up by the collective rights management organisations.

The decision of the Arbitration Commission may be appealed to the Federal Administrative Court and further to the Federal Supreme Court on limited grounds. Before the Federal Administrative Court, the appellant may contend that there has been a violation of federal law including: exceeding or abusing discretionary powers; that there has been an incorrect or incomplete determination of the legally relevant facts of the case; or that the ruling is inadequate (a plea of inadequacy is inadmissible if a cantonal authority has ruled as the appellate authority).

Further, the appeal can be brought before the Federal Supreme Court to challenge violations of federal and international law. The determinations of the facts of the case can only be challenged if they are obviously incorrect or are based on an infringement of rights, and if the remedying of the defect can be decisive for the outcome of the proceedings.

## 4 Owners' Rights

### 4.1 What acts involving a copyright work are capable of being restricted by the rights holder?

The author or the rights holder has the exclusive right to decide whether, when and how his work is used. The following acts therefore may be restricted: producing copies of the work; offering, transferring or otherwise distributing copies of the work;

reciting, performing or presenting a work; broadcasting the work by radio, television or similar means; retransmitting works by means of technical equipment; and making works made available, broadcasted works and retransmitted works perceptible. The author of a computer program may also restrict the rental of the work. Further, the author has the exclusive right to decide whether, when and how the work may be altered and whether, when and how the work may be used to create a derivative work or may be included in a collected work.

Even where a third party is authorised by contract or law to alter the work or to use it to create a derivative work, the author may oppose any distortion of the work in violation of his personal rights.

### 4.2 Are there any ancillary rights related to copyright, such as moral rights, and if so what do they protect, and can they be waived or assigned?

The moral rights of the author specifically protect the relationship to his work and thus go beyond the rules of general personal rights. They include the right to recognition of authorship, the right of first disclosure and the right of integrity of the work.

Generally moral rights are not assignable, but are inheritable. This means that, for example, the right of first disclosure cannot be transferred as such. However, the author can allow a third party to exercise certain moral rights by contract. Further, the right of first publication can, if the author has agreed in principle, be exercised by a third party (e.g. by a publisher). Furthermore, the author can waive his rights of defence against violations of his moral rights in a specific case.

### 4.3 Are there circumstances in which a copyright owner is unable to restrain subsequent dealings in works which have been put on the market with his consent?

The "Principle of Exhaustion" means that once a copy of a work has been put on the market by the author (or with his consent), the work can circulate freely. According to the Federal Supreme Court, exhaustion unfolds its effect not only if the copy of the work has been put on the market in Switzerland, but also anywhere in the world (international exhaustion). Therefore copyright owners cannot prevent any import of copies of the work – which have been legally acquired abroad – into Switzerland, and any reselling of such copies in Switzerland.

An exception to this rule applies with regard to the protection of audio-visual works, more specifically to the performance of cinematographic works. Unless authorised by the author, copies of audio-visual works, such as movies, may not be further transferred or rented as long as the author is thereby impaired in exercising his right of performance, meaning the first broadcasting period in movie theatres.

## 5 Copyright Enforcement

### 5.1 Are there any statutory enforcement agencies and, if so, are they used by rights holders as an alternative to civil actions?

No, there are no statutory enforcement agencies. Under Swiss law, an alternative to civil (and/or criminal) actions does not exist. However, rights holders can request assistance from the customs authorities in case of unlawful import or export.



## 5.2 Other than the copyright owner, can anyone else bring a claim for infringement of the copyright in a work?

Apart from the owner, any person who holds an exclusive licence is entitled to bring a separate action unless this is explicitly excluded in the licence agreement. Furthermore, any (e.g. also non-exclusive) licensees may join an infringement action in order to claim for their own losses. All of the above only applies to licence agreements that have been concluded or confirmed after 1 July 2008.

## 5.3 Can an action be brought against 'secondary' infringers as well as primary infringers and, if so, on what basis can someone be liable for secondary infringement?

In principle, an action can be brought against anyone who participates in the infringement. This includes accomplices and abettors.

## 5.4 Are there any general or specific exceptions which can be relied upon as a defence to a claim of infringement?

The Copyright Act contains an enumeration of limiting provisions ("Chapter 5 Exceptions to Copyright", art. 19 *et seqq.* CopA). This chapter contains exceptions for private use of published works, decoding of computer programs, dissemination of broadcast works, use of broadcasting organisations' archived works, use of orphan works, making available broadcasted musical works, compulsory licences for the manufacture of phonograms, archive and backup copies, temporary copies, copies for broadcasting purposes, use of works by people with disabilities, quotations, museum, exhibition and auction catalogues, works on premises open to the public and for reporting current events. A potential defendant may also refer to the Principle of Exhaustion (see question 4.3).

## 5.5 Are interim or permanent injunctions available?

Both interim and permanent injunctions are available. The standard of proof to obtain a preliminary injunction is lower than in proceedings on the merits. The fulfilment of the requirements has to appear likely under a plausibility standard. These requirements are: possibility of success on the merits; endangerment or infringement of rights; risk of serious harm; urgency; and balance of interests.

In case of particular urgency, the court may issue interim injunctions *ex parte*, that is, without hearing the party against whom the measure is requested.

A permanent injunction requires proceedings on the merits.

## 5.6 On what basis are damages or an account of profits calculated?

There are three bases for such claims:

Tort (art. 41 Code of Obligations ("CO")): damages derived from tort can either be calculated using the common concrete calculation method (which is in many cases very hard to apply, especially because loss of profits is often hard to prove in copyright matters) or by way of the licence analogy, which is a hypothetical method. For the latter, damages are calculated on the basis of the licence fee which the infringer would have had to pay if he had asked for permission.

Account of profits (art. 423 CO): this requires (*inter alia*) bad faith.

Unjust enrichment (art. 62 CO): this basis is relevant in cases in which the infringer is not of bad faith.

## 5.7 What are the typical costs of infringement proceedings and how long do they take?

The costs (court fees and attorney's fees) of infringement proceedings in the first instance depend on the amount in dispute and the canton in which litigation is conducted. Usually, courts do not assume the amount in dispute to be lower than CHF 50,000 to 100,000. The costs also depend in particular on the complexity of the dispute, the number of court hearings and the number of submissions filed. The losing party has to bear the court fees and compensation for the attorney's fees.

A standard infringement proceeding in the first instance usually takes up to two years.

Costs for appeal proceedings (before the Federal Supreme Court) are usually lower than in the first instance, and such proceedings take less time than first instance proceedings.

## 5.8 Is there a right of appeal from a first instance judgment and if so what are the grounds on which an appeal may be brought?

In copyright matters, cantonal Appellate Courts and Commercial Courts rule as the sole cantonal instance. An appeal may therefore only be brought before the Federal Supreme Court.

The grounds for appeal are confined. Admissible grounds for appeal in copyright matters are especially the violation of federal and international law. There are additional restrictions for the application of foreign law. The facts can only be challenged if the previous instance established them in an obviously incorrect manner or in violation of the law.

Appeals against interim measures can only be challenged on the grounds of violation of constitutional rights.

## 5.9 What is the period in which an action must be commenced?

The period depends on the action and its legal basis.

A damage claim based on tort, for example, becomes time-barred one year after the date on which the claimant became aware of the damage and the identity of the infringer. In any event, a damage claim based on tort becomes time-barred 10 years after the damaging act.

An action for injunctive relief or a declaratory action is not subject to limitation *per se*. However, the corresponding conditions of the respective type of action must be met. *Inter alia*, the claimant must have a current and legitimate interest in the proceedings.

Regarding interim measures, since urgency is a prerequisite, the applicant is obliged to act promptly upon discovery of the infringement.

# 6 Criminal Offences

## 6.1 Are there any criminal offences relating to copyright infringement?

Copyright infringement is a criminal offence. Omission of source, infringement of related rights, offences relating to technical protection measures and to rights-management information, and unauthorised assertion of rights are also considered criminal offences.

## 6.2 What is the threshold for criminal liability and what are the potential sanctions?

Negligent infringements are of no criminal relevance; the above-mentioned criminal offences require intentional acts.

Depending on the criminal offence, the sanctions can be a custodial sentence up to three years or a monetary penalty or a fine. If the copyright or related rights infringement was committed for commercial gain, the penalty is a custodial sentence of up to five years (which must be combined with a monetary penalty) or a monetary penalty alone.

## 7 Current Developments

### 7.1 Have there been, or are there anticipated, any significant legislative changes or case law developments?

In late 2017, the Federal Council presented a legislative draft concerning the revision of the Copyright Act. This proposed

revision contains substantial changes. For example, according to the proposed bill, a photograph should be considered a protected work even if it has no individual character.

### 7.2 Are there any particularly noteworthy issues around the application and enforcement of copyright in relation to digital content (for example, when a work is deemed to be made available to the public online, hyperlinking, etc.)?

The mentioned bill presented by the Federal Council also contains a so-called “stay down duty” for hosting providers, in order to prevent infringements via the same hosting provider repeatedly. Hosting providers will have to ensure that removed copyright-infringing content remains off their servers. Furthermore, the Federal Council also proposes provisions stating that on-demand providers owe the authors/performers remuneration, which is collected for them by collective licensing bodies.



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## WENGERPLATTNER

ATTORNEYS AT LAW

For over 30 years, Wenger Plattner has been advising and representing clients in all aspects of business law. Wenger Plattner has offices in Basel, Zurich and Bern as well as a representative office in Geneva.

We identify practical, workable solutions and help clients implement these to achieve the best possible commercial outcomes. We rely on teams of experts, many of whom are involved in decision-making as members of public authorities and other bodies, giving them an in-depth understanding of client needs.

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# Taiwan

Deep & Far Attorneys-at-Law

Yu-Li Tsai



Lu-Fa Tsai



## 1 Copyright Subsistence

### 1.1 What are the requirements for copyright to subsist in a work?

“Work” under Taiwan’s copyright law means a creation that is made within a literary, scientific, artistic, or other spiritual domain. (Copyright Act, Article 5(1)(1).)

Under this provision, the requirements for copyright to subsist in a work are generally as follows: (a) a creation from human spirit; (b) a creation having originality or being an independent creation with at least some minimal degree of creativity; (c) a creation having a specific expression; and (d) a creation presenting individuality of the author within a literary, scientific, artistic, or other spiritual domain.

### 1.2 On the presumption that copyright can arise in literary, artistic and musical works, are there any other works in which copyright can subsist and are there any works which are excluded from copyright protection?

Copyright can also subsist in the following works: (a) dramatic and choreographic work; (b) photographic work; (c) pictorial and graphical works; (d) audiovisual work; (e) sound recordings; (f) architectural work; and (g) computer programs. (Copyright Act, Article 5(1).)

In addition, derivative work, compilation work, and performances are also protected under certain conditions provided in relevant articles. (Copyright Act, Article 6(1); Article 7(1); Article 7bis(1).)

The following items shall not be the subject matter of copyright: (a) the constitution, acts, regulations, or official documents; (b) translations or compilations made by central or local government agencies for the works referred to in (a); (c) slogans and common symbols, terms, formulas, numerical charts, forms, notebooks, or almanacs; (d) oral and literary works for news reports which merely communicate facts; and (e) test questions and spare test questions thereof for all kinds of examinations held pursuant to acts or regulations. (Copyright Act, Article 9(1).)

### 1.3 Is there a system for registration of copyright and if so what is the effect of registration?

No registration is required, and the author of a work shall generally enjoy copyright upon completion of the work. (Copyright Act, Article 10(1).)

### 1.4 What is the duration of copyright protection? Does this vary depending on the type of work?

There are two aspects to copyright protection, one being moral rights, and the other economic rights.

There is no limit to the duration of a copyright relating to moral rights.

Economic rights generally last for the life of the author and 50 years after the author’s death. (Copyright Act, Article 30(1).) Where a work is first publicly released between the 40<sup>th</sup> and 50<sup>th</sup> years after the author’s death, the economic rights shall last for a term of 10 years beginning from the time of the public release. (Copyright Act, Article 30(2).)

The economic rights in a work authored by a juristic person last for 50 years after the public release of the work, but if the work is not publicly released within 50 years of the completion of the creation, the economic rights shall subsist for 50 years after completion of the creation. (Copyright Act, Article 33.)

In addition, the economic rights for photographic works, audiovisual works, sound recordings, and performances last for 50 years after the public release of the work. (Copyright Act, Article 34(1).) Similar to the case of a juristic person, however, if the work is not publicly released within 50 years of the completion of the creation, the economic rights shall subsist for 50 years after the completion of the creation. (Copyright Act, Article 34(2).)

### 1.5 Is there any overlap between copyright and other intellectual property rights such as design rights and database rights?

There are possible overlaps between copyright and trademark rights. For example, a trademark can be protected by copyright and trademark rights simultaneously.

There are possible overlaps between copyright and patent rights. For example, an original and creative appearance of a product can be protected by copyright and a design patent simultaneously. In addition, computer software can be protected by copyright and a patent simultaneously.

### 1.6 Are there any restrictions on the protection for copyright works which are made by an industrial process?

If a product made with the help of an industrial process has originality and spiritual creativity, the original product may be

protected by copyright. Copies of the product, which are made by another pure industrial process, however, cannot be protected by copyright, because products made by mass production are only copies of the original product.

## 2 Ownership

### 2.1 Who is the first owner of copyright in each of the works protected (other than where questions 2.2 or 2.3 apply)?

“Author” means a person who creates a work, and is normally the first owner of copyright. (Copyright Act, Articles 3(1)(1) and 3(1)(2).)

Where a person’s name or a pseudonym familiar to the public is presented in a normal way as the author on the original or a published copy of a work, or in connection with a public release of a work, the person shall be presumed to be the author of the work. (Copyright Act, Article 13(1).)

### 2.2 Where a work is commissioned, how is ownership of the copyright determined between the author and the commissioner?

Where a work is completed by a person under commission, except in circumstances where it is set out otherwise, such commissioned person is the author of the work; however, where an agreement stipulates that the commissioning party is the author, such agreement shall govern. (Copyright Act, Article 12(1).)

Where the commissioned person is the author pursuant to the provisions of the preceding paragraph, enjoyment of the economic rights to such work shall be assigned through contractual stipulation to either the commissioning party or the commissioned person. Where no stipulation regarding the enjoyment of economic rights has been made, the economic rights shall be enjoyed by the commissioned person. (Copyright Act, Article 12(2).)

Where the economic rights are enjoyed by the commissioned person pursuant to the provisions of the preceding paragraph, the commissioning party may exploit the work. (Copyright Act, Article 12(3).) This means that the commissioning party may freely exploit the work as originally intended. Any exploitation beyond the original intention needs a licence or permission from the commissioned person.

### 2.3 Where a work is created by an employee, how is ownership of the copyright determined between the employee and the employer?

Where a work is completed by an employee within the scope of employment, such employee is the author of the work; however, where an agreement stipulates that the employer is the author, such agreement shall govern. (Copyright Act, Article 11(1).)

Where the employee is the author of a work pursuant to the provisions of the preceding paragraph, the economic rights to such work shall be enjoyed by the employer; however, where an agreement stipulates that the economic rights shall be enjoyed by the employee, such agreement shall govern. (Copyright Act, Article 11(2).)

The term “employee” in the preceding two paragraphs includes civil servants. (Copyright Act, Article 11(3).)

### 2.4 Is there a concept of joint ownership and, if so, what rules apply to dealings with a jointly owned work?

A joint work is a work that has been completed by two or more persons where the creation of each person cannot be separately exploited. (Copyright Act, Article 8.)

Moral rights in a joint work may not be exercised without the consent of all the joint authors. Where a need arises, a joint author shall not refuse consent without a legitimate reason. Authors of a joint work may select an author from among the joint authors to be their representative for the purpose of exercising moral rights. Limitations imposed on the representing powers of the representative referred to in the preceding paragraph shall not be effective against a third party acting in good faith. (Copyright Act, Article 19.)

Economic rights in a joint work subsist for 50 years after the death of the last surviving author. (Copyright Act, Article 31.)

In the case of a joint work, each author’s share of the ownership of such a work shall be as stipulated by the joint authors; where no stipulation has been made, ownership shares shall be determined according to the degree of each author’s creative contribution. Where the degree of each author’s creative contribution is not clear, it shall be presumed that each author owns an equal share. Where an author of a joint work abandons its share of the ownership of the work, that share shall be apportioned among the other joint authors in proportion to their respective shares. The provisions of the preceding paragraph shall apply *mutatis mutandis* where the author of a joint work dies with no heir or dies with no successor. (Copyright Act, Article 40.)

Joint economic rights in a work shall not be exercised without the consent of all the joint economic rights holders; no economic rights holder shall transfer its share to another person or establish a pledge of its share in favour of a third party without the consent of all other joint economic rights holders. To this end, a joint economic rights holder shall not refuse consent without a legitimate reason. The joint economic rights holders of a work may select a representative from among themselves to exercise their economic rights. Limitations imposed on the representing powers of such representative shall not be effective against a third party acting in good faith. The second and third paragraphs of the article mentioned in the preceding paragraph shall apply *mutatis mutandis* to joint ownership of economic rights. (Copyright Act, Article 40bis-I.)

Each holder of a copyright in a joint work may, pursuant to the provisions discussed in this chapter, separately demand remedies from the infringer, and may also claim damages based on its share of copyright ownership. The provisions of the preceding paragraph shall apply *mutatis mutandis* to joint holders of economic rights and plate rights of a joint work that arise out of other relationships. (Copyright Act, Article 90.)

## 3 Exploitation

### 3.1 Are there any formalities which apply to the transfer/assignment of ownership?

Moral rights belong exclusively to the author and shall not be transferred or succeeded. (Copyright Act, Article 21.)

Economic rights may be transferred in whole or in part to another person and may be jointly owned with other persons. The transferee of economic rights obtains economic rights within the scope of the transfer. The scope of the transfer of the economic rights



shall be as stipulated by the parties; rights not clearly covered by such stipulations shall be presumed not to have been transferred. (Copyright Act, Article 36.) Specifically, although there is no express formality requirement, clear stipulation of economic rights transfer between or among parties is required for a successful transfer.

### **3.2 Are there any formalities required for a copyright licence?**

The economic rights holder may license others to exploit the work. The territory, term, content, method of exploitation, and other particulars of the licence shall be stipulated by the parties; particulars not clearly covered by such stipulations shall be presumed not to have been licensed. (Copyright Act, Article 37.) Again, although there is no express formality requirement, clear stipulation of a copyright licence between parties is required for a licence to be effective.

### **3.3 Are there any laws which limit the licence terms parties may agree (other than as addressed in questions 3.4 to 3.6)?**

No, there are no laws which limit the licence terms that parties may agree to.

### **3.4 Which types of copyright work have collective licensing bodies (please name the relevant bodies)?**

Sound recordings and musical works have collective licensing bodies.

The collective licensing bodies for sound recordings include the Association of Recording Copyright Owners (ARCO) and the Recording Copyright and Publications Administrative Society of Chinese Taipei (RPAT).

The collective licensing bodies for musical works include the Music Copyright Association Taiwan (MCAT), the Music Copyright Society of Chinese Taipei (MUST), and the Music Copyright Intermediary Society of Taiwan (TMCS).

### **3.5 Where there are collective licensing bodies, how are they regulated?**

The specialised agency in charge of copyright matters shall establish a Copyright Review and Mediation Committee to handle the following matters: (1) examination of rates of compensation under the provisions of Article 47, paragraph 4; (2) mediation of disputes between copyright collective management organisations and users concerning compensation; (3) mediation of disputes concerning copyright or plate rights; and (4) other consultation in connection with copyright examination and mediation. Dispute mediation referred to in (3) of the preceding list, and involving criminal matters, shall be limited to cases actionable only upon complaint. (Copyright Act, Article 82.) There is a Copyright Collective Management Organisation Regulation governing the establishment, organisation, rights and obligations, incentives, guidance and supervision of copyright collective management organisations.

### **3.6 On what grounds can licence terms offered by a collective licensing body be challenged?**

Where there are grounds for invalidation or cancellation of a civil mediation approved by the court, a party may initiate invalidating or cancelling proceedings before the approving court. (Copyright

Act, Article 82<sup>quiquies</sup>(1).) Licence terms offered by a collective licensing body may be challenged on the grounds that the calculating basis of compensation is unreasonable, the rate of compensation is too high, or the amount of compensation is too much. (Copyright Act, Article 82(1)(2).)

## **4 Owners' Rights**

### **4.1 What acts involving a copyright work are capable of being restricted by the rights holder?**

Reproduction, public recitation, public broadcast, public presentation, public performance, public transmission, public display, adaptation, distribution, rental publication, and public release are capable of being restricted by the rights holder. (Copyright Act, Article 22.)

### **4.2 Are there any ancillary rights related to copyright, such as moral rights, and if so what do they protect, and can they be waived or assigned?**

The author of a work shall enjoy the right of publicly releasing the work. (Copyright Act, Article 15(1).)

The author of a work shall have the right to indicate its name, a pseudonym, or no name on the original or copies of the work when the work is publicly released. The author has the same right to a derivative work based on its work. (Copyright Act, Article 16(1).)

The author has the right to prohibit others from distorting, mutilating, modifying, or otherwise changing the content, form, or name of the work, thereby damaging the author's reputation. (Copyright Act, Article 17.)

Moral rights belong exclusively to the author and shall not be transferred or succeeded. (Copyright Act, Article 21.)

### **4.3 Are there circumstances in which a copyright owner is unable to restrain subsequent dealings in works which have been put on the market with his consent?**

A person who has obtained ownership of the original of a work or a lawful copy thereof within the territory under the jurisdiction of the Republic of China may distribute it by means of transfer of ownership. (Copyright Act, Article 59<sup>bis</sup>.) This reflects the principle of exhaustion – that once a work is legally owned by a third party, the original owner can no longer exercise any economic rights on the work, while the third party may use the work freely.

## **5 Copyright Enforcement**

### **5.1 Are there any statutory enforcement agencies and, if so, are they used by rights holders as an alternative to civil actions?**

The competent authority of copyright matters in Taiwan is the Ministry of Economic Affairs. The Ministry of Economic Affairs shall appoint a specialised agency in charge of copyright matters. (Copyright Act, Article 2.) The specialised agency is the Intellectual Property Office also in charge of patents, trademarks and integrated circuit layouts.

There is no statutory enforcement agency. Nevertheless, as mentioned in questions 3.4 to 3.6, the collective licensing bodies

serve as a kind of enforcement agency and are relatively successful in sound recordings and musical works. Such mechanism may be a good reference for solutions for other works. The court is ultimately in charge of both civil actions and enforcement proceedings.

## **5.2 Other than the copyright owner, can anyone else bring a claim for infringement of the copyright in a work?**

An exclusive licensee may, within the scope of the licence, exercise rights in the capacity of the economic rights holder, and may perform litigious acts in its own name. The economic rights holder may not exercise rights within the scope of an exclusive licence. (Copyright Act, Article 37(4).)

After the death of the author, unless otherwise specified by a will, the following persons, in the order indicated, shall be entitled to request remedies in accordance with Article 84 and the second paragraph of the preceding article for actual or likely violations of Article 18: (1) spouses; (2) children; (3) parents; (4) grandchildren; (5) brothers and sisters; and (6) grandparents. (Copyright Act, Article 86.)

## **5.3 Can an action be brought against 'secondary' infringers as well as primary infringers and, if so, on what basis can someone be liable for secondary infringement?**

An internet service provider shall be entitled to the application of Article 90*sexies* to Article 90*novies* of the Copyright Act regarding the limitation on liability only if the service provider: (1) by contract, electronic transmission, automatic detective system or other means, informs users of its copyright or plate right protection policy, and takes concrete action to implement it; (2) by contract, electronic transmission, automatic detective system or other means, informs users that in the event of repeated alleged infringements of up to three times, the service provider shall terminate the service in whole or in part; (3) publicly announces information regarding its contact window for receipt of notification documents; and (4) accommodates and implements the technical measure described in (3). (Copyright Act, Article 90*quinquies*(1).)

A connection service provider that, after receiving notification by a copyright holder or plate rights holder of alleged infringement by a user, has forwarded the notification to that particular user by electronic mail is deemed to have met the requirement in (1). (Copyright Act, Article 90*quinquies*(2).)

If a copyright holder or plate rights holder has provided technical measures which have been developed based on a broad consensus and are used to identify or protect copyrighted or plate-righted works, the internet service provider shall accommodate and implement the measures if the technical measures have been ratified by the competent authority. (Copyright Act, Article 90*quinquies*(3).)

## **5.4 Are there any general or specific exceptions which can be relied upon as a defence to a claim of infringement?**

The general exception which can be relied upon as a defence to a claim of infringement is fair use. That is, fair use of a work shall not constitute infringement on economic rights in the work. (Copyright Act, Article 65(1).)

In determining whether the exploitation of a work complies with the reasonable scope referred to in the provisions of Articles 44 through 63, or other conditions of fair use, all circumstances shall be taken into account, and in particular the following facts shall be noted as the basis for determination: (1) the purposes and nature of the

exploitation, including whether such exploitation is of a commercial nature or is for non-profit educational purposes; (2) the nature of the work; (3) the amount and substantiality of the portion exploited in relation to the work as a whole; and (4) the effect of the exploitation on the work's current and potential market value. (Copyright Act, Article 65(2).)

The general exceptions which can be relied upon as a defence to a claim of infringement under the Copyright Act include the following categories: (1) use for operation of state organs; (2) use for education or academic purposes; (3) use for preservation of culture or promotion of literature and arts; (4) use for circulation of information; (5) use for social activity; (6) use for circulation of commodities; and (7) use for personal non-profit purposes.

## **5.5 Are interim or permanent injunctions available?**

A copyright holder or plate rights holder may petition the customs authorities to suspend the release of import or export goods that infringe their copyright or plate rights. (Copyright Act, Article 90*bis*(1).)

Attached goods shall be confiscated by the customs authorities where the applicant has obtained a final and unappealable civil judgment deciding that the goods infringe copyright or plate rights. The owner of the attached goods shall be held liable for such costs as container demurrage, warehousing, loading and unloading, as well as for expenses connected with destruction of the goods. (Copyright Act, Article 90*bis*(5).)

When the customs authorities, in the course of executing their duties, discover import/export goods that in appearance are obviously suspect to copyright infringement, they may within one business day notify the rights holder and notify the importer/exporter to produce authorisation materials. After receiving notice, the rights holder shall proceed to customs within four hours for air export goods and within one business day for air import goods and sea import/export goods to assist with verification. Where the rights holder is unknown or cannot be notified, or the rights holder fails to proceed to customs within the time limit as notified to assist with verification, or the rights holder determines that the goods in question are not infringing, and if there is no violation of other customs clearance regulations, customs shall release the goods forthwith. (Copyright Act, Article 90*bis*(11).)

Where the goods are determined to be suspected of infringing goods, customs shall take measures to suspend the release of the goods. (Copyright Act, Article 90*bis*(12).)

If, within three business days after customs has taken measures to suspend the release of the goods, the rights holder has not petitioned customs for attachment under paragraphs one to 10, or has not initiated civil or criminal proceedings to protect the rights, and if there is no violation of other customs clearance regulations, customs shall release the goods forthwith. (Copyright Act, Article 90*bis*(13).)

## **5.6 On what basis are damages or an account of profits calculated?**

With regard to the damages referred to in the preceding paragraph, the damaged party may make a claim in any of the following manners: (1) in accordance with the provisions of Article 216 of the Civil Code; provided that, when the damaged party is unable to prove damages, it may base the damages on the difference between the amount of expected benefit from the exercise of such rights under normal circumstances, and the amount of benefit from the

exercise of the same rights after the infringement; and (2) based on the amount of benefit obtained by the infringer on account of the infringing activity; however, where the infringer is unable to establish costs or necessary expenses (of the infringing act or articles), the total revenue derived from the infringement shall be deemed to be its benefit. (Copyright Act, Article 88(2).)

Therefore, there are four bases on which the damages are calculated in accordance with the above provision, i.e.: (1) actual damage approach; (2) differential approach; (3) gained benefit approach; and (4) total revenue approach.

### 5.7 What are the typical costs of infringement proceedings and how long do they take?

The typical costs of infringement proceedings include court fees and counsel fees. It typically takes one year per court instance (at most three instances from the Intellectual Property Court to the Supreme Court) for infringement proceedings. The court fees are roughly equal to 1% of the damages in the first instance and 1.5% in both the second and third instances. On average, the counsel fees range from US\$3,000 to 10,000 in each instance.

### 5.8 Is there a right of appeal from a first instance judgment and if so what are the grounds on which an appeal may be brought?

The first instance court is the Intellectual Property Court. In the first instance, fact issues and law issues can be brought.

The second instance court is also the Intellectual Property Court. In this court, fact issues and law issues can be also be brought.

The final instance court is the Supreme Court. In the final instance, only law issues can be brought.

### 5.9 What is the period in which an action must be commenced?

The right to claim damages as provided in Articles 85 and 88 expires if not exercised within two years of the time the person having the right to make the claim learns of its right to claim damages and knows the identity of the obligor, or within 10 years of the occurrence of the infringement. (Copyright Act, Article 89*bis*.) The two-year and 10-year periods are extinctive prescriptions.

## 6 Criminal Offences

### 6.1 Are there any criminal offences relating to copyright infringement?

There are many criminal offences relating to copyright infringement. A person who infringes the economic rights of another person by means of reproducing the work without authorisation shall be punished by imprisonment for not more than three years, detention, or *in lieu* thereof or in addition thereto, a fine not more than NT\$750,000. (Copyright Act, Article 91(1).)

A person who infringes the economic rights of another person by means of reproducing the work without authorisation with the intent to sell or rent shall be imprisoned for not less than six months and not more than five years, and in addition thereto, may be fined not less than NT\$200,000 and not more than NT\$2 million. (Copyright Act, Article 91(2).)

A person who infringes the economic rights of another person by distributing the original work or a copy thereof by transfer of ownership without authorisation shall be punished by imprisonment for not more than three years, detention, or *in lieu* thereof or in addition thereto, a fine not more than NT\$500,000. (Copyright Act, Article 91*bis*(1).)

A person, who distributes or publicly displays or possesses for intended distribution a copy, knowing that it infringes work economic rights, shall be imprisoned for not more than three years and, in addition thereto, may be fined not less than NT\$70,000 and not more than NT\$750,000. (Copyright Act, Article 91*bis*(2).)

A person who infringes the economic rights of another person without authorisation by means of public recitation, public broadcast, public presentation, public performance, public transmission, public display, adaptation, compilation, or leasing shall be punished by imprisonment for not more than three years, detention, or *in lieu* thereof or in addition thereto, a fine not more than NT\$750,000. (Copyright Act, Article 92.)

### 6.2 What is the threshold for criminal liability and what are the potential sanctions?

It is required that a person shall not intentionally infringe another person's economic rights or plate rights. On the contrary, a work exploited only for personal reference or under fair use does not constitute infringement of copyright.

The potential sanctions include imprisonment for up to several years, detention, and/or a fine.

## 7 Current Developments

### 7.1 Have there been, or are there anticipated, any significant legislative changes or case law developments?

There will be a significant legislative change to Taiwan Copyright Law. On September 9, 2016, the TIPO sent a draft amendment of Taiwan Copyright Law to the Executive Yuan for preliminary examination before formally sending a formal bill to the Legislative Yuan for approval. The amendment was described by the TIPO as "comprehensive amendments" and covers quite a few orientations, summarised as follows:

- 1) In accordance with the needs of scientific and technological development (e.g., Internet and communication equipment), consolidating and amending the provisions regarding various property rights (e.g., public recitation, public broadcast, public presentation, public performance, and public transmission).
- 2) Revisiting the rationality and flexibility of the attribution of the author (e.g., employer and employee, commissioning entity and commissioned entity).
- 3) Amending the provisions of moral rights of a perished legal person to facilitate the utilisation of works.
- 4) Clarifying the relevant provisions related to distribution rights and rental rights to facilitate market harmony.
- 5) Adjusting the protections for performers and sound recordings.
- 6) Amending the provisions related to the restrictions of property rights.
- 7) Adding a provision related to the compulsory licensing against work where the property rights owner is unknown and initiating the registration of property rights.
- 8) Amending the provisions related to statutory compensations.

- 9) Amending the provisions related to border measures.
- 10) Revisiting and amending the inopportune or inappropriate provisions related to criminal liabilities.

**7.2 Are there any particularly noteworthy issues around the application and enforcement of copyright in relation to digital content (for example, when a work is deemed to be made available to the public online, hyperlinking, etc.)?**

In view of the progress of digital broadcasting and transmission technologies, the content that can be transmitted by broadcast or

transmission is no longer confined to traditional sound or video. Other content, such as literature and computer programs, which can be digitised, can also be considered content for broadcast or transmission. Therefore, in the drafted amendment of the Taiwan Copyright Law, the words “sound” or “video” in original article clauses have been deleted so that such clauses can be conveyed to the public to mean any form of broadcast or transmitted content.



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Deep & Far Attorneys-at-Law was founded in 1992 and deals with all aspects of law, with a particular focus in all aspects of intellectual property rights (IPRs), including patents, trademarks, copyrights, trade secrets, unfair competition, and/or licensing, counselling, litigation, and/or transaction thereof.

Deep & Far prosecutes worldwide patent matters for local clients. For international or foreign clients, Deep & Far prosecutes patent matters mainly in Taiwan, significantly in China & Hong Kong, and with minor representation in Macau, Singapore, Korea and Japan. Deep & Far prosecutes in every field, such as mechanics, chemistry, pharmacy, biology, electronics, optics, telecommunications, and computer sciences.



# Turkey

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## 1 Copyright Subsistence

### 1.1 What are the requirements for copyright to subsist in a work?

Under Turkish law, specifically Law No. 5846 on “Intellectual and Artistic Works” (“**Law No. 5846**” or “**the Law**”), any kind of intellectual and artistic product bearing the specialty of its author or deemed to be a scientific and literary, music, artistic or cinematographic work is defined as a “work”.

The right to copy any work’s original or copies thereof by virtue of any form or method, completely or partially, directly or indirectly, temporarily or permanently is exclusively vested in the “author” of the work. Therefore, the copyright can subsist in any of the aforementioned categories of work.

Reproduction of the work’s original, or a recording of the work on any kind of device that enables the transmission and repetition of signs, voices and images which are already known or will be developed in the future, any kind of voice and music recordings, along with the implementation of plans, projects and guidelines in relation to architectural works, are also considered as copying. The same rule applies for reliefs and perforated moulds.

To the extent that a computer program requires a temporary copying, the copyright also covers acts of downloading, displaying, running, transmission and storage of the program.

Please note that the copyright counts as an “economic right” that enables the author of the work to benefit from the work economically. In addition to copyright, the economic rights are the right of adaptation, the right of distribution, the right of performance and the right to publicly communicate the work by the devices enabling the transmission of signs, sounds and/or images.

### 1.2 On the presumption that copyright can arise in literary, artistic and musical works, are there any other works in which copyright can subsist and are there any works which are excluded from copyright protection?

Except for those mentioned under question 1.1 above, there is no special category stipulated by Law No. 5846 in which the copyright can subsist. However, the main four categories (scientific, literary, musical and artistic or cinematographic works) have sub-categories, which can also be subject to copyright. Although the main four categories of works are “*numerus clausus*”, any intellectual and

artistic work that would be deemed to fall under any of such categories would be considered as a “work” by way of interpretation.

There are no works which are expressly excluded from copyright protection.

### 1.3 Is there a system for registration of copyright and if so what is the effect of registration?

According to Article 13 of Law No. 5846, film producers and phonogram producers are obliged to record and register their productions, including cinematic and musical works, in order to prevent any breach of their rights in relation thereto, for easy proof of evidence in determining their ownership rights and to pursue their powers of benefit in relation to their economical rights. Such record and registry would not result in creating any right on the mentioned works.

For the same purpose, upon request of any author, all works protected under Law No. 5846 can be recorded and registered and any power of benefit in relation thereto can be recorded as well. Such recording and registration will be made only upon the statement of the author for which the Turkish Ministry of Culture and Tourism (the “**Ministry**”) cannot be held liable. Those who were aware of the non-existence of, or would be expected to know about such non-existence, or made false statements about the economical and moral rights of a work during the actions constituting grounds for any record and registry, are subject to legal and penal sanctions provided by Law No. 5846.

The Ministry has published a regulation for determining the terms and conditions in relation to the recording and registration of intellectual and artistic works in the Turkish Official Gazette dated May 17, 2006, numbered 26171. According to its Article 5, the mentioned regulation repeats the mandatory recording and registration requirements for cinematic and musical works; in addition, computer games are considered under the same umbrella, since they include moving and audio-visual images within a certain *mise en scène* or scenario.

Except for works subject to compulsory recording and registration requirements, authors may, at their own discretion, have their works fall under other categories recorded and registered within the Ministry. This process requires the author, during the application, to submit those documents as listed under the regulation. Among such documents, a special undertaking needs to be submitted by the relevant author to the Ministry indicating the ownership over the work or production and assuming any kind of legal and penal liabilities in the event that it is proven otherwise. Finally,

any agreement authorising the use and transfer of the economical right in relation to a work can be submitted to the Ministry for its recording and registration at the author's discretion.

Moreover, Turkey is a signatory of the International Convention for the Protection of Performers, Producers of Phonograms and Broadcasting Organizations signed in Rome, dated October 26, 1961, and the Universal Copyright Convention dated September 6, 1952. Under this legislation, when copies of materials, including works or productions recorded and registered with the Ministry, are publicly released, for productions including audio recordings, the letter (p) has to be affixed, whereby other copies of work and productions have to bear © together with the release or commercial circulation date and the name or title of the author. Additionally, productions including musical works have to use the International Standard Recording Code (ISRC) granted by the International Federation of the Phonographic Industry (IFPI) and the International Standard Musical Work Code (ISWC) granted by the International Confederation of Authors and Composers Societies (CISAC). All of the transactions for granting such codes are pursued by a local institution or union authorised by IFPI or CISAC.

Unfortunately, none of the above-mentioned recordings and registrations grant a right over the works. However, there is no doubt that the author of the relevant work would be one step ahead in proving its ownership against those who would allege to be the real owner of such work.

#### **1.4 What is the duration of copyright protection? Does this vary depending on the type of work?**

In general, the protection term for any author lasts for their lifetime and for a further period of 70 years upon her/his death. In the event that there are several authors, this term expires 70 years after the death of the last surviving author. Work(s) that has/have become public upon the death of its/their author(s) is/are protected for 70 years following the death of the related author.

In the event that the author of a work cannot be designated as per the provisions of Law No. 5846, the author would be deemed to be the issuer. In the event that there lacks an issuer, the multiplier would be authorised to use the rights and authorisations of the author on their behalf. In such cases, the protection period would last for 70 years after the work has become public, unless the author reveals her/his name before such term expires. In the event that the first author is a legal entity, the protection term is 70 years following the public release of the work.

Moreover, the protection term would not begin before the relevant work becomes public, and the terms would be calculated from the first day of the year which follows the year during which the relevant work first became public. In cases where the author has died, the commencement date of the protection term would be deemed the first day of the year following the year of the author's death. In the event of collective ownership, the protection term begins from the decease date of the last surviving author.

#### **1.5 Is there any overlap between copyright and other intellectual property rights such as design rights and database rights?**

Under Law No. 5846, any use of drawings, pictures, models, designs and similar works, such as industrial models and pictures, does not prevent their qualification of being an intellectual and artistic work. Any database, which has emerged from the compilation of data and materials chosen for a certain purpose or particular plan

and is readable through a device or having any other form, is also deemed to be a work under Law No. 5846. However, the protection provided for such database does not cover the data and materials included within the database.

Additionally, the Industrial Property Law, numbered 6769 ("IP Law"), was published in Official Gazette number 29944 on January 10, 2017 and the majority of provisions entered into effect on the same date. The new IP Law reconciles provisions which were previously addressed by different statutory decrees concerning the protection of industrial designs, geographic signs, patent rights and trademarks.

According to Article 58 of the IP Law, any protection granted under IP Law for any design does not harm the protection granted by Law No. 5846 if the terms and conditions sought by the said law are maintained. This protection was granted in the same way for the designs with the annulled statutory decrees. Moreover, according to Article 6/6 of the IP Law, trademark registration application, which includes someone else's personal name, commercial name, photograph, copyrights or any other intellectual property rights, shall be rejected upon the application of the right holder.

#### **1.6 Are there any restrictions on the protection for copyright works which are made by an industrial process?**

As mentioned above, if the copyright works are also subject to the protection of the IP Law concerning the protection of industrial designs, they will also be subject to the limitations stipulated in the above-mentioned law.

According to Article 59/3 of the IP Law, the circumstances where a design right is restricted are: (i) where the design has special or non-commercial purpose; (ii) practice implementations; (iii) where copying is required for educational or referencing purposes, provided that it complies with the good faith rules governing commercial practice, it does not threaten the ordinary usage of the design unnecessarily and a reference is given; and (iv) when equipment of vessels or aircrafts registered within foreign countries and located temporarily within the boundaries of the Republic of Turkey needs to be repaired, repair of spare parts and accessories imported for the repair of such vehicles, and repair of the mentioned vehicles.

## **2 Ownership**

#### **2.1 Who is the first owner of copyright in each of the works protected (other than where questions 2.2 or 2.3 apply)?**

Ownership of copyright under Turkish law is determined pursuant to the general definition of the owner of a work, which is stipulated under Law No. 5846 as the "person who creates it".

There are also circumstances defined by Law No. 5846 pursuant to which the ownership of a work can be presumed based on whether the name of the owner is published or not. For example, until it is proven otherwise, any person using her/his name or her/his famous alias in any copy of a published work or affixed the same under the original copy of an artistic work shall be deemed to be the owner of such work. If the owner of a published work cannot be determined pursuant to the foregoing rule, the publisher – and if the publisher cannot be determined, thus, the copier of such work – can use the rights and authorisations granted to the owner of the work.

## 2.2 Where a work is commissioned, how is ownership of the copyright determined between the author and the commissioner?

If a work is commissioned, the person who created the work will be the owner of such work. The relationship between the author and the commissioner shall be determined according to the general principles of an attorneyship agreement stipulated under the Turkish Code of Obligations (TCO). Except for the moral rights, the commissioner will be entitled to use the economic rights in relation to such work.

On the other hand, if there are several contributors to the creation of a work, there are two options to determine the author of the work. If the work can be separated, each part thereof shall be deemed to be the work of the person who created such part. However, if the work cannot be separated, the union of persons who created the work shall be deemed to be the author of such work.

## 2.3 Where a work is created by an employee, how is ownership of the copyright determined between the employee and the employer?

According to Article 18 paragraph 2 of Law No. 5846, unless it is not understood otherwise from the private agreement or the content of the work, rights upon works created by officers, employees and workers during their performance of their work are used by their employers or assignors.

The same rule applies to the bodies of legal entities. Thus, any person who created a work during the performance of her/his job shall be deemed to have automatically assigned the economic rights, including the copyright upon such work, to her/his employer, unless the parties have agreed otherwise or unless it can be interpreted that such work is not related to the person's employment.

It is also a common practice in Turkey to include a provision in the employment agreement which obliges the employee/worker to assign any work that they created during the performance of their employment automatically to the legal entity. However, certainly, the moral rights of such works would still be vested in the employee/worker, since such rights are not transferable under Law No. 5846.

## 2.4 Is there a concept of joint ownership and, if so, what rules apply to dealings with a jointly owned work?

Law No. 5846 recognises the concept of joint ownership and applies different methods in dealing with a jointly-owned work depending on whether the related work is separable or inseparable. In the event that any work created by more than one person is separable, each person shall be deemed to be the owner of the work created thereby. Unless otherwise agreed, any of the joint owners can demand the others to contribute to the changing of the work or publication thereof. If the others would not agree to such request without any just cause, the court can grant such permission. The same rule applies to the usage of the economic rights.

On the other hand, in the event that any work created by more than one person's contribution would constitute an inseparable work, the owner of the work would be deemed to be the union of the persons that created such work. The provisions of ordinary partnership shall apply to the union.

In the event that any of the joint owners would not permit any transaction to be made by the union without any *just cause*, such permission may be granted by the competent court. Each of the joint owners can act individually where benefits of the union are infringed. If the work created by the contribution of several persons

constitutes an inseparable work, unless otherwise agreed under an agreement or service conditions or any applicable law in effect when the work was created, rights over the joint work will be used by the individual or legal entity which brought the joint owners together, provided that rights on cinematic works are reserved.

## 3 Exploitation

### 3.1 Are there any formalities which apply to the transfer/assignment of ownership?

Except for moral rights, any owner of a work or her/his inheritors are entitled to assign the economic rights granted thereto to third parties as limited or unlimited by time, location or content, with or without any consideration. Also, the usage of economic rights can be left to any third party, which has been granted a licence thereon.

Transfer/assignment of moral rights is prohibited by Law No. 5846. Even if the parties would contract otherwise, such contract enabling the transfer/assignment of moral rights would be deemed to be invalid. Any contract in relation to the transfer of economic rights must be in writing and indicate the rights constituting subject matter thereof. In other words, the contract should list which economic rights are being transferred/assigned to the other party.

Please note that any transfer or assignment of works that are not yet created will be deemed to be *null and void*. However, the owner can grant an undertaking to a third party for creating a work, which is subject to cancellation within one year following the notification.

Pursuant to Article 148 of the IP Law, industrial property law can be assigned, bequeathed, be subject of the licensing, hypothecated, be subjected to pledge, confiscated or can be subject of the other legal transactions. On the other hand, according to the same article, geographical indications and traditional good names shall not be subject of the licensing, assignment, transition, confiscation and other similar legal transactions and shall not be subject to pledge. These legal transactions are required to be in written form and an assignment agreement shall only be effective if the agreements are approved by the notary.

Pursuant to the Article 106 of the IP Law, patent applications and patent assignments shall be effective for the third persons after recording the applications or assignments regarding the patents, licences and voluntary and compulsory legal transactions regarding patent applications or the patents to the trade registry.

### 3.2 Are there any formalities required for a copyright licence?

As mentioned above, granting the use of an economic right such as copyright shall be subject to a written "licence agreement". In the event that the owner of the work is also allowed to grant such licence to third parties, this licence will be called a non-exclusive licence.

However, on the contrary, if the licence granted to the third party cannot be granted to someone else, such licence will be called an exclusive licence. Unless otherwise stipulated in the law or contract, any licence would be deemed to be a non-exclusive licence.

### 3.3 Are there any laws which limit the licence terms parties may agree (other than as addressed in questions 3.4 to 3.6)?

As mentioned above, there are certain circumstances where the agreement of the parties would be deemed either null and void or

invalid. In this case, any transfer of the moral rights or the granting of a licence thereon would be deemed to be null and void.

Any work that has not yet been created cannot be transferred and assigned or be subject to a licence; however, an undertaking can be given which is subject to cancellation within a one-year period.

There are also circumstances where economic rights or certain copies of a work cannot be subjected to a pledge or attachment except for the mandatory provisions under the Turkish Bankruptcy and Enforcement Law.

### 3.4 Which types of copyright work have collective licensing bodies (please name the relevant bodies)?

Owners of works, owners of neighbouring rights, copiers and broadcasters of non-periodical publications, and right holders of scientific-literature works who assigned the economic rights from owners or right holders of works as per a contract and in compliance with Law No. 5846 are entitled to establish several collective licensing bodies. Such licensing bodies may protect their members' joint benefits, administrate and pursue the rights granted by Law No. 5846, and collect fees and distribute the same to the right holders, provided that they follow the by-laws and statutes issued by the Ministry and approved by the Council of Ministers.

Certain collective licensing bodies must obtain the permission of the Ministry in the event that their number of executives exceeds a certain limit provided by law, or there is already another collective licensing body established in the same subject.

Please find below the names of the collective licensing bodies in Turkey:

1. Federation
  - a. YAYFED (Federation of Publisher Collecting Society).
2. Cinema
  - a. BSB (BSB Collecting Society of Cinematographic Works Authors).
  - b. SESAM (Collecting Society of Cinematographic Works Authors of Turkey).
  - c. SETEM (Collecting Society of Cinematographic and Television Works Authors).
  - d. SİNEBİR (Collecting Society of Cinematographic Works Authors).
  - e. FİYAB (Collecting Society of Film Producers).
  - f. SE-YAP (Collecting Society of Cinematographic Works Producers).
  - g. TESİYAP (Collecting Society of Television and Cinema Film Producers).
  - h. BİROY (Collecting Society of Cinema Artists).
  - i. ASİTEM (Collecting Society of Anatolian Cinematographic and Television Works Authors).
  - j. SENARİSTBİR (Collecting Society of Scenario and Dialog Writers Cinematographic Works Authors).
3. Music
  - a. MESAM (Collecting Society of Music Works Authors of Turkey).
  - b. MSG (Collecting Society of Group of Music Works Authors).
  - c. MÜYOR-BİR (Collecting Society of Music Performers).
  - d. MÜZİK BİR (Collecting Society of Neighbouring Right Owner Phonogram Producers).
  - e. MÜ-YAP (Mü-Yap Collecting Society of Neighbouring Right Owner Phonogram Producers).

- f. MÜYA-BİR (Collecting Society of Neighbouring Right Owner Phonogram Producers).
4. Science-Literature
  - a. BESAM (Collecting Society of Science and Literature Work Owners).
  - b. İLESAM (Collecting Society of Science and Literature Work Owners of Turkey).
  - c. BIYESAM (Collecting Society of Information and Software Work Authors).
  - d. ÇEV BİR (Collecting Society of Interpreters).
  - e. YAY BİR (Collecting Society of Publishers' Copyright and Licensing).
  - f. TBYM (Collecting Society of Printing and Publishing of Turkey).
  - g. DEKMEB (Collecting Society of Study and Culture Books Publishers).
  - h. EĞİTİM YAY BİR (Collecting Society of Education Publishers).
5. Radio and Television
  - a. RATEM (Collecting Society of Radio and Television Broadcasters).
6. Artistic Works
  - a. Collecting Society of Artistic Work Owners.
7. Theatre
  - a. TOMEB (Collecting Society of Theatre Artists).

### 3.5 Where there are collective licensing bodies, how are they regulated?

As mentioned above, Article 42 of Law No. 5846 permits the establishment of collective licensing bodies provided that they pursue by-laws and regulations issued by the President. Collective licensing bodies and federations are legal entities subject to private law. Their members cannot be forced to subscribe capital, to contribute to loss and profit or to undertake legal responsibility.

Establishment of the collective licensing bodies and federations, their control, supervision, minimum number of members required to convene their first general assembly, other discretionary organs, constitution type of their councils, the number of members, conditions for becoming a member, exiting from membership and dismissal, determination of areas to establish branches, their relations with governmental institutions and foundations, private individuals and legal entities within the country or abroad, their rights and authorities in relation to the same, their financial relationship with their members, distribution of royalty fees and compensations, and other issues are regulated under the "By-Laws on Collective Licensing Bodies and Federations of Owners of Intellectual and Artistic Works and Neighbouring Right Holders" published in the Turkish Official Gazette numbered 23653 and dated April 1, 1999.

### 3.6 On what grounds can licence terms offered by a collective licensing body be challenged?

While making a contract, any collective licensing body has to act in good faith in relation to the rights that they are administering and they have to apply the discounts or easy terms of payment they require as they deem fit with respect to their financial and/or the moral benefits.

In addition to such general rule, collective licensing bodies have to act within the certificate of authority that they have been granted by their members. Moreover, the collective licensing bodies have



to take certain criteria into consideration when making a contract in relation to the usage of works, performances, setups, and publications along with tariffs, which can be listed as follows:

- (i) ensuring of continuation in the transmission of the works as widespread within the public;
- (ii) determining of reasonable fees to be paid in consideration to the usage of works in publications by taking national and international applications;
- (iii) not creating terms and conditions distorting competition;
- (iv) broadcasting area (national, regional, local) and the size of audience;
- (v) frequency in the use of works;
- (vi) market shares;
- (vii) the sole fee for the usage of each work;
- (viii) a fixed fee; and
- (ix) a unit fee based on second or moment.

It is obvious that any collective licensing body, which acts in breach of the above-mentioned criteria, can face a lawsuit from the relevant beneficiary in terms of the general rules of the Turkish Code of Obligations and Turkish Procedural Law. Any dispute between the collective licensing bodies and broadcasting institutions in relation to the agreement they entered into can be settled through arbitration or a conciliation board to be constituted among the parties.

## 4 Owners' Rights

### 4.1 What acts involving a copyright work are capable of being restricted by the rights holder?

As explained above, copyright is an economic right that is exclusively vested in the right holder. The extent, form and terms and conditions of the usage of such right can only be determined by the person who creates the work.

There are circumstances provided by Law No. 5846 where usage of a work cannot be restricted due to public order, educational purposes or for news broadcasts, etc. However, upon the death of the owner of the work, such restriction would cease unless the inheritors decide otherwise.

On the other hand, since the moral rights are exclusively vested in the owner of a work, the owner can prohibit the presentation or publication of such work, if the public presentation or publication would infringe the honour and reputation of the owner, even if the owner has assigned the above-mentioned rights to any third party in writing.

Moreover, as mentioned above, trademark registration application, which includes someone else's personal name, commercial name, photograph, copyrights or any other intellectual property rights, shall be rejected upon the application of the right holder (Article 6/6 of the IP Law).

### 4.2 Are there any ancillary rights related to copyright, such as moral rights, and if so what do they protect, and can they be waived or assigned?

Authority for public presentation of the work, indicating the name and prohibition of any change in the work, is exclusively vested in the owner of the work and constitutes the moral rights thereof. None of the aforementioned rights can be waived or assigned.

As mentioned further above, any agreement which assigns or transfers these rights shall be deemed null and void. Authority for the presentation of the work gives the owner the right to decide

whether the work will be publicly presented or not, the time for such presentation, and method of the same. The owner of the work is the sole authority in deciding whether a work can be publicly presented or published with or without the name of the owner or with the alias thereof. Unless the permission of the owner has been obtained, no abbreviation, addition or other changes can be made to the work.

Moreover, artists interpreting, presenting, narrating, singing, playing or otherwise performing a work in an original form, phonogram producers who record a performance or other voices for the first time, and radio and television broadcasters are deemed to be neighbouring right holders by Law No. 5846, who are also the ancillary right holders of the copyright.

### 4.3 Are there circumstances in which a copyright owner is unable to restrain subsequent dealings in works which have been put on the market with his consent?

Provided that the author holds rental and public lending rights, the resale of specific copies following their first sale or distribution within the country by way of transfer of ownership, as a result of the right holder exercising their distribution right, is permitted.

## 5 Copyright Enforcement

### 5.1 Are there any statutory enforcement agencies and, if so, are they used by rights holders as an alternative to civil actions?

Article 81 of Law No. 5846 assigns and authorises the Ministry and its local authorities to inspect copies of works and check that the works are correctly labelled. It is further stipulated that in cities, inspection commissions can be established by local authorities *ex officio* or upon the request of the Ministry to conduct such inspection, if required.

It is envisaged that such commissions comprise primarily general law enforcement officers such as policemen or municipal police. If required, representatives of other public institutions and incorporations, along with collective licensing bodies, can also be assigned to the mentioned commissions. In practice, generally, law enforcement officers and personnel of Local Culture and Tourism Directorates are members of such commissions.

There is no requirement to apply to the above-mentioned local commissions, since any intellectual property right infringement is subject to complaint of the relevant right holder. However, the local enforcement officers are only authorised to collect proof and to confiscate the products subject to infringement and the preliminary investigation would be conducted by the prosecutor. Therefore, in order to ensure that the infringers are imprisoned or have monetary fines inflicted upon them, a court decision will be required.

### 5.2 Other than the copyright owner, can anyone else bring a claim for infringement of the copyright in a work?

Infringement of the copyright in a work is subject to complaint by any owner of the moral rights or economic rights of such work. Also, collective licensing bodies can bring a claim for infringement on behalf of its member.

Additionally, the representatives of the Ministry and Turkish Ministry of National Education would inform owners who hold moral and economic rights of a work of any infringement of the copyright in such work.

### 5.3 Can an action be brought against 'secondary' infringers as well as primary infringers and, if so, on what basis can someone be liable for secondary infringement?

Law No. 5846 does not distinguish between primary or secondary infringers. Any right holder whose rights are protected under Law No. 5846 can bring an action before a competent court of jurisdiction if she/he thinks that her/his rights are infringed by a third party.

### 5.4 Are there any general or specific exceptions which can be relied upon as a defence to a claim of infringement?

General or specific limitations provided by Law No. 5846 can be relied upon as a defence to a claim of infringement, since in such cases the usage, distribution, copy, etc. of a work is permitted by law.

These limitations can be summarised as follows:

#### I. Due to Public Order

The rights granted to the authors shall not prevent a work from being used as evidence in the court or before other authorities, or from being the subject matter of police or criminal proceedings.

Photographs may be reproduced and distributed in any form by official authorities or on their instructions due to public security or for judicial reasons without the author's consent.

Reserved are the provisions of the public law that prohibit putting a work into commercial circulation by any means, its performance or exploitation in any other form or that make them subject to permission or control.

#### II. Due to Public Interest

(1) **Legislation and court decisions:** The reproduction, distribution, adaptation or exploitation in any other form of laws, by-laws, regulations, notifications, circulars and court decisions that have been officially published or announced is permitted.

(2) **Speeches:** The reproduction, public recitation or broadcasting by radio and distribution by any other means of speeches and addresses made in the Grand National Assembly and at other official assemblies and congresses, in courts of law or at public meetings, is permitted for the purpose of giving news and information.

Where the nature of the event or of the situation does not so require, the names of the speakers do not need to be cited.

The right to reproduce or distribute speeches and addresses for purposes other than those mentioned in the first paragraph belongs to the author.

(3) **Freedom to perform:** Published works may be freely performed in all educational institutions for the purpose of face-to-face education and without directly or indirectly aiming to profit from such performance, provided that the name of the author and the work is announced in the customary manner.

(4) **Selected and collected works for educational and instructional purposes:** It is permitted to create selected or collected works, which are dedicated to educational purposes, by way of recording quotations, to the extent justified by the purpose, from published musical, literary and scientific works and works of fine art that have been made public. Certain works may only be quoted to explain the content of the selected and collected work. However, this freedom may not be used in a way which would prejudice the legitimate interests of the author without good reason or which would conflict with the normal exploitation of the work.

The first paragraph shall also apply to school radio broadcasts made exclusively for schools and approved by the Turkish Ministry of Education.

The permission of the author is necessary for making selected or collected works for purposes other than education.

In all such cases, the name of the work and the author shall be cited in the customary manner.

(5) **Freedom of quotation:** Quotations of a work are permitted in the following cases:

1. quoting a few sentences or passages of a work, which has been made public, in an independent literary or scientific work;
2. incorporating certain elements of a published composition, such as themes, patterns, passages or ideas, into an independent musical work;
3. reproducing works of fine art that have been made public and other published works in a scientific work for the purpose of explaining its content and to the extent justified by such purpose; and
4. displaying works of fine art that have been made public by projection or similar means in order to explain a subject at scientific conferences or lectures.

The quotation must be made in a manifest way. In scientific works, it is necessary to mention not only the name of the work and the author, but also the passage from which the quoted part has been taken.

(6) **Contents of newspapers:** Notwithstanding anything contrary to Article 15 of the Press Law, daily news and information communicated to the public by the press or radio may be freely quoted.

Articles or features on social, political or economic issues published in newspapers or journals may be freely quoted in their original or adapted form in other newspapers or journals and may be broadcast by radio or disseminated by any other means, except where the right to quote them has been expressly reserved. Even where the right to quote is reserved, it is permitted to abridge such articles and features as a press review and to so quote, broadcast by radio or disseminate them in any other manner.

In all such cases, mention must be made of the name, the issue and the date of the newspaper, the journal, the agency and any other source from which the quotations have been taken from, together with the name, the pseudonym or the mark of the author of the articles.

(7) **News:** It is permitted to record parts of an intellectual or artistic work on devices enabling the transmission of signs, sounds and/or images in relation to current events, provided that this has the nature of news and does not exceed the limits of giving information. The reproduction, distribution, performance and broadcast by devices such as radio and television of passages quoted in such a manner are free. This freedom may not be used in a way which may prejudice the legal interests of the right holder or which may conflict with the normal exploitation of the work.

#### III. Due to the Interest of Individuals

(1) **Personal use:** It is permitted to reproduce all intellectual and artistic works for personal use without pursuing profit. However, such reproduction may not prejudice the legitimate interests of right holders without good reason or if the reproduction is in conflict with the normal exploitation of the work.

In the absence of specific contractual provisions, the reproduction and adaptation of a computer program by the lawful acquirer is permitted where necessary for the use of the computer program in accordance with its intended purpose, including for error correction.

The loading, running and error correction of a computer program by a person who has lawfully acquired the program may not be prohibited by contract. The making of a backup copy by a person having the right to use the computer program may not be prevented by contract insofar as it is necessary to ensure the use of such program.

The person who has acquired the right to use a computer program may observe, analyse or test the functioning of the program in order to determine the ideas and principles underlying any element of the program while performing any of the acts of loading, displaying, running, transmitting or storing the program which they are entitled to do.

Where reproduction of the code and translation of its form in the sense of reproduction and adaptation of the computer program are indispensable to obtain the information necessary to achieve the interoperability of an independently created computer program with other programs, the performance of such acts shall be permitted, provided that the following conditions are met:

1. the acts are performed by the licensee or by another person having the right to use a copy of the program or by a person authorised to do so in their name;
2. the information necessary to achieve interoperability was not made available to the persons specified in subparagraph one; and
3. the acts are confined to the parts of the program which are necessary to achieve interoperability.

The conditions listed above do not entitle the information obtained to be:

1. used for purposes other than to achieve the interoperability of the independently created computer program;
2. given to others, except where necessary for the interoperability of the independently created computer program; and
3. used for the development, production or marketing of a computer program substantially similar in its expression or for any other act which infringes copyright.

The provisions listed above may not be interpreted in a way that conflicts with the normal exploitation of the program or that unreasonably prejudice the right holder's legitimate interests.

- (2) **Right of composers:** Works of fine art permanently placed on public streets, avenues or squares may be reproduced by drawings, graphics, photographs and the like, distributed, shown by projection in public premises or broadcast by radio or similar means. For architectural works, this freedom is only valid for the exterior form.

Works of fine art may be publicly exhibited by their owners or by others with the owner's consent, unless the author has expressly prohibited such exhibition.

Works to be sold by auction may be exhibited to the public. Works exhibited in public premises or placed at an auction may be reproduced and distributed by way of catalogues, guides or similar printed matter published for such purposes by persons organising the exhibition or auction.

The name of the author may be omitted in such cases unless there is a contrary customary usage.

- (3) **Principles concerning the use of public premises for works, performances, phonograms, productions and broadcasts:** Public premises where the entrance may or may not be subject to a fee, shall conclude a contract, in accordance with Article 52 of the Law, with the right holders, or collecting societies to which the right holders are members, in order to obtain permission for the use and/or communication of works, performances, phonograms, productions and broadcasts and make the payments for economic rights stated in such contracts in accordance with this Article.

Public premises which are used for works, performances, phonograms, productions and broadcasts shall be classified accordingly. In order to classify such premises, the following is taken into account: the characteristics of the region where the public premises are located; the quality and quantity of the premises; and whether or not the works, performances, phonograms, productions and broadcasts that are the subject of intellectual property are an integral part of, or contributing to, the product or services supplied by the premises and similar issues.

## 5.5 Are interim or permanent injunctions available?

Upon the request of the person whose rights have been violated or are under threat of violation or of the collecting societies, the civil court may order the other party, before or after the commencement of the proceedings, to perform certain acts or refrain from performing them, to open or close the premises where the act is being committed, or may as a precautionary measure confiscate the reproduced copies of a work or moulds and other similar devices and prevent the manufacturing of such copies, if such an order is deemed necessary for the prevention of a substantial injury or an instantaneous danger based on accomplished facts or any other reason, and if the claims asserted are considered to be strongly probable. It shall be stated in the order that non-compliance with the order shall result in criminal consequences as provided in Article 343 of the Law on Execution and Bankruptcy.

The provision of Article 57 of the Customs Law numbered 4458 shall be applied during the import or export of the copies, which require sanctions in case an infringement of rights is likely to occur.

The procedure regarding the seizure of such copies by the Customs Authorities shall be implemented in accordance with the related provisions of the Customs Regulation.

## 5.6 On what basis are damages or an account of profits calculated?

The right holders whose permission was not obtained may claim the payment of compensation of up to three times the amount that could have been demanded if the right had been granted by contract, or up to three times the current value, which shall be determined under the provisions of Law No. 5846, from persons who adapt, reproduce, perform or communicate to the public via devices enabling the transmission of signs, sounds and/or images of the work, performance, phonogram or productions, or who distribute reproduced copies thereof without written permission of the author under Law No. 5846.

## 5.7 What are the typical costs of infringement proceedings and how long do they take?

A lawsuit filed for the determination of the fact that a copyright is infringed will cost approximately 3,000 TL. In the event that compensation is claimed, an amount equal to 6.831% of the compensation shall also be paid. Such figure does not include the official attorney fees that must be paid by the party that could not prove its claims. The official attorney fee for such a lawsuit is either a fixed fee amounting to 2,600 TL for a claim that does not include any amount of money or a variable percentage of the amount claimed, which is around 10%. Depending on the complexity of the case, the trial at the first instance court will take approximately 18 months.

### 5.8 Is there a right of appeal from a first instance judgment and if so what are the grounds on which an appeal may be brought?

It is possible to appeal any first instance decision as long as the appellant has a judicial benefit to do so and the judgment is among the type of decrees subject to appeal. The Turkish Court of Appeals can reverse the decision of the court of first instance where: the law or the contract between the parties has been implemented incorrectly; there is a non-conformity with causes of action; the evidence upon which either party is reliant on for proving the same have been rejected without any judicial cause; and any mistake in a judicial proceeding or deficiencies that would affect the judgment. Obtaining an enforceable decision after the appeal may take an additional 18 months.

### 5.9 What is the period in which an action must be commenced?

Depending on whether there is a contract between the author and a third party that infringed the rights of the author, the statutory limitations for commencing an action varies. If the infringement in relation to Law No. 5846 is based on a contract, it would be subject to the general statute of limitations provided by the Turkish Code of Obligations, which is 10 years beginning from the date when the receivable of the author becomes due. In the event that there is no contract between the parties and the infringement would constitute at the same time an action in tort, it will be subject to a statute of limitations of two years (commencing from the date when the right holder became aware of the damage and the indemnitor) and 10 years (beginning from the occurrence of the tortious act) as per Article 72 of the Turkish Code of Obligations.

In the event an infringement of rights subject to Law No. 5846 constitutes at the same time a crime, a longer criminal statute of limitations shall be applied. Please also note that receivables arising from a contract for work are subject to a statute of limitations period of five years, except in circumstances where the contractor did not perform its obligations duly or at all as a result of its gross negligence.

These actions shall be filed with the competent courts of jurisdiction where the defendant is resident or where the action in tort occurred. Additionally, actions in relation to the prevention and removal of infringement shall be filed with the competent court of jurisdiction where the plaintiff is resident. Pursuant to Article 76 of the Law, competent courts for the lawsuits and works arising from the legal transactions regulated under the Law and criminal suits are the courts addressed in Article 156 of the IP Law and pursuant to this article of the IP Law, competent courts are the intellectual and industrial rights civil court and intellectual and industrial criminal courts.

## 6 Criminal Offences

### 6.1 Are there any criminal offences relating to copyright infringement?

Since copyright is a type of economic right, criminal offences relating to the infringement of the moral, economic or related rights regarding intellectual and artistic works shall also be deemed to be an infringement of a copyright.

Such criminal offences are listed under Article 71 of Law No. 5846, whereas preparation actions, which aim at circumventing protective programs, are listed separately from such offences under Article 72 of the same law.

### 6.2 What is the threshold for criminal liability and what are the potential sanctions?

The threshold for criminal liability in relation to the infringement of the moral, economic or related rights regarding intellectual and artistic works are differentiated depending on the type of criminal offence, which can be listed as follows:

Any person who, by infringing the moral, economic, and related rights regarding intellectual and artistic works protected under Law No. 5846: (i) adapts, performs, reproduces, changes, distributes, communicates to the public by devices enabling the transmission of signs, sounds or images or publishes a work, performance, phonogram or production without written permission of right holders or puts up for sale, sells, distributes by renting or lending or in any other way, buys for commercial purposes, imports or exports, possesses or stores for non-private use any works adapted or reproduced unlawfully shall be sentenced to imprisonment from one year and up to five years or a judicial fine; (ii) gives a title to another person's work as his own work shall be sentenced to imprisonment from six months to two years or a judicial fine (where the offence is committed by distributing or publishing, the upper limit of the penalty of imprisonment shall be five years and no judicial fine may be imposed); (iii) cites from a work without referring to the source shall be sentenced to imprisonment from six months to two years or a judicial fine; (iv) makes a declaration to the public without permission of the right holders concerning the content of a work which has not yet been made public shall be sentenced to imprisonment of up to six months; (v) makes reference to a work in an incorrect, incomplete or misleading manner shall be sentenced to imprisonment up to six months; and (vi) reproduces, distributes, publishes or broadcasts a work, performance, phonogram or a production by using the name of a well-known other person shall be sentenced to imprisonment from three months to one year or a judicial fine.

Persons who commit the offences mentioned above or breach the conditions mentioned in the additional Article 4 of Law No. 5846, and content providers who continue to infringe the rights recognised under Law No. 5846 shall be sentenced to imprisonment from three months to two years unless this act constitutes another crime requiring a greater penalty. (Additional Article 4 of Law No. 5846: information which identifies the work, the author of the work, the holder of any right in the work or information about the terms and conditions of the use of the work, and any numbers or codes that represent such information which are attached to a copy of a work or appear in connection with the communication of a work to the public may not be removed or altered. The originals or copies of the works on which the information and numbers or codes representing this information have been altered or removed may not be distributed, imported for distribution, broadcast or communicated to the public.)

Where any person who puts up for sale, sells or buys a work, performance, phonogram or production, which was produced, adapted, reproduced, distributed or broadcast illegally, provides information as to from whom he obtained such item and enables them to be captured before the prosecution process, the penalty to be imposed may be omitted or reduced.

Any person, who produces, puts up for sale, sells or possesses for non-private use programs and technical equipment which aim to override programs which have been developed to prevent the illegal reproduction of a computer program shall be sentenced to imprisonment from six months to two years.



## 7 Current Developments

### 7.1 Have there been, or are there anticipated, any significant legislative changes or case law developments?

As mentioned above, the Industrial Property Law, numbered 6769 (“**IP Law**”), was published in Official Gazette number 29944 on January 10, 2017, which reconciles provisions that were previously addressed by different statutory decrees concerning the protection of industrial designs, geographic signs, patent rights and trademarks.

The Draft Law amending Law No. 5846 on Intellectual and Artistic Works (“**Draft Law**”) which has been in progress since November of 2016 was made available to the public for review.

According to presentations of the former Turkish Minister of Culture and Tourism, it was expected that the Draft Law was going to be finalised before the end of the legislative year of 2017 and it was going to be transferred to the Turkish Grand National Assembly (“**TBMM**”) in the second half of the year.

**Please note that** the Draft Law is currently under final evaluation of the Ministry of Culture and Tourism and will be sent to the Prime Ministry right after the completion of the process. The Directorate General of Copyrights estimated that the envisaged process would be extended as a consequence of the change of Minister of Culture and Tourism on July 19, 2017. As of the date of this article (August 2018), the aforementioned Draft Law has not yet entered into force and is expected to become effective in the near future, but a date has not been announced by the authorities.

### 7.2 Are there any particularly noteworthy issues around the application and enforcement of copyright in relation to digital content (for example, when a work is deemed to be made available to the public online, hyperlinking, etc.)?

The author has the exclusive right to communicate the original version of a work or its copies to the public via a broadcast by organisations which use wire or wireless means, such as radio, television, satellite or cable, or by devices enabling the transmission of signs, sounds and/or images including digital transmission, or by way of re-broadcasting by other broadcasting organisations that obtain the work from such broadcasters. There is no specific provision in relation to the timing of the disclosure of a work via digital transmission; however, in general, any work disclosed to the public with the consent of the right holder shall be deemed to have been made public. In terms of hyperlinking, the rules of the Regulation on the Terms and Conditions Regarding the Arrangement of Broadcasts on the Internet provide that the content provider is not liable for hyperlinking, as long as the content provider does not approve the content it provides a hyperlink to or it does not direct the user to reach the content through such hyperlink.

In cases where authors and related right holders granted by the Law No. 5846 have been violated by providers of service and content through the transmission of signs, sounds, and/or images including digital transmission, the works which are subject of the violation shall, upon the application of the right holders, be removed from the content providers. Individuals or legal entities whose rights have been violated shall to this end initially make contact with the content provider and request that the violating content be ceased within three days.

Should the violation continue, a request shall next be made to the public prosecutor requiring that the service being provided to the violating content provider be suspended within three days by the relevant service provider. The service being provided to the content provider shall be restored, if the violating content is ceased.

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Güzeldere & Balkan Law Firm is an Istanbul-based law firm offering a wide range of legal services to domestic and international clients since its inception in May 2000. It is a full-service law firm which covers all major practices including Corporate and Commercial Law, Contracts Law, Mergers and Acquisitions, Competition Law, Construction Law, Real Estate, Labour Law, Media & Entertainment, Intellectual and Industrial Property, Copyright, Litigation, and Debt Collection.

The well-equipped team of lawyers has impressive credentials from leading Turkish and international institutions, a wealth of experience across the spectrum of Turkish corporate and commercial law, and a client portfolio comprising leading Turkish and multinational corporations. Güzeldere & Balkan Law Firm offers expertise to its clients in the automotive, media and entertainment, fast-moving consumer goods, cosmetics, energy and natural resources, telecommunications, chemistry, and technology sectors, among others.

# Ukraine

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## Advance Partners

### 1 Copyright Subsistence

#### 1.1 What are the requirements for copyright to subsist in a work?

Copyright exists in every original work, published or unpublished, once the work is in a fixed form, without the requirement for registration or any other formalities. Copyright does not protect any ideas, theories, principles, methods, procedures, processes, systems, techniques, conceptions and discoveries regardless of the form in which they are expressed, described, explained, and illustrated in the work. Copyright also protects a part of a work that can be used individually and the original name of a work.

#### 1.2 On the presumption that copyright can arise in literary, artistic and musical works, are there any other works in which copyright can subsist and are there any works which are excluded from copyright protection?

Copyright can subsist in the following works in the domain of science, literature and art, namely: literary written works of fiction, journalistic, scientific, technical or other nature (books, brochures, articles, etc.); speeches, lectures, orations, sermons and other oral works; computer software; databases; musical works with or without lyrics; dramatic, musical drama works, pantomimes, choreographic and other works created for stage presentation and staging versions thereof; audiovisual works; works of fine art; works of architecture, city construction, garden and park art; photographic works, including works made by methods similar to photography; works of applied art, including works of decorative weaving, ceramics, carving, casting, of art glass, jewellery, etc.; illustrations, maps, layouts, drawings, sketches, plastic works relating to geography, geology, topography, engineering, architecture and other spheres of activity; stage interpretations of works and folklore versions that can be presented on stage; derivative works; compilations of works resulting from creative work; texts of translations for dubbing, sound tracking and adding Ukrainian and other language subtitles to foreign audiovisual works; and others.

Copyright protection will not be extended to daily news that refers to press information; folklore; administrative, political, or legislative documents executed by state authorities (laws, rulings, decrees judgments, state standards, etc.) and translations thereof; state symbols, state awards, symbols and signs of authority, military forces, symbols of local authorities, symbols and signs of

enterprises, organisations and institutions; banknotes; and transport schedules, TV schedules, telephone directories and other databases that do not meet the requirement of *sui-generis*.

#### 1.3 Is there a system for registration of copyright and if so what is the effect of registration?

Copyright registration in Ukraine is possible, but not mandatory. The Ministry of Economic Development and Trade of Ukraine is the authority entitled to grant registration to the works. An official fee for copyright registration is approx. EUR 6.00 for legal entities and EUR 2.00 for individuals. The benefit of registration is that the registration certificate is considered *prima facie* evidence of copyright ownership and evidence of the date of creation. Failing to register a copyright does not deprive a copyright owner of the right to enforce a copyright.

#### 1.4 What is the duration of copyright protection? Does this vary depending on the type of work?

The duration of copyright protection lasts for the lifetime of the author and for 70 years following the author's death (or the death of the last co-author), starting from the date of creation. The duration is identical whatever the type of work.

The duration of performers' rights is 50 years from the date of the first record of the performance. The duration of sound/video recording producers' rights is 50 years from the date of first publication of the sound/video recording or first record, if the record was not published during this period. Broadcast organisations' rights last 50 years from the first public transmission of the broadcast.

#### 1.5 Is there any overlap between copyright and other intellectual property rights such as design rights and database rights?

Yes. A copyrighted work can be registered as an industrial design or as a trade mark.

#### 1.6 Are there any restrictions on the protection for copyright works which are made by an industrial process?

No. The law of Ukraine does not provide for any restrictions on the protection for copyrighted works which are made by an industrial process.

## 2 Ownership

### 2.1 Who is the first owner of copyright in each of the works protected (other than where questions 2.2 or 2.3 apply)?

The first copyright owner of a work is the author, i.e. the natural person who creates the work. Also, two or more persons may be joint authors and joint owners of copyright.

### 2.2 Where a work is commissioned, how is ownership of the copyright determined between the author and the commissioner?

Under Ukrainian copyright law, the author and the commissioner own the copyright jointly, where a work is commissioned, unless it is otherwise prescribed by an agreement between them. The author of an artistic work retains the copyright, unless it is otherwise prescribed by an agreement between the author and the commissioner.

### 2.3 Where a work is created by an employee, how is ownership of the copyright determined between the employee and the employer?

Copyright to a work created by an employee belongs to the author and the employer jointly, unless a labour contract or other contract between the employer and employee provides otherwise. The employer should pay to the employee an author's fee for the creation and use of a copyright. The amount and terms of such payment should be regulated by an agreement between the employee and the employer.

### 2.4 Is there a concept of joint ownership and, if so, what rules apply to dealings with a jointly owned work?

The law of Ukraine recognises joint ownership of two or more authors who created a single work and the contribution of each author is not distinct from that of the other(s). Each of the authors can use the work at his own discretion, unless it is otherwise agreed. Copyright royalties are equal unless otherwise prescribed by an agreement between the co-authors. Each co-author has a right to bring proceedings for copyright infringement.

## 3 Exploitation

### 3.1 Are there any formalities which apply to the transfer/assignment of ownership?

The copyright owner has a right to transfer/assign copyright to any person by means of a written agreement signed by both parties. Under this agreement, the copyright owner transfers copyright to the assignee. The scope of rights that are subject to transfer should be specified in the agreement; otherwise, these rights are not deemed to have been transferred. The official registration of such an agreement or any other formalities is not required.

### 3.2 Are there any formalities required for a copyright licence?

In general, a copyright licence should be in a written form. Nevertheless, a copyright licence agreement granting a right to

use a work in a periodically printed publication (e.g. newspapers, magazines, etc.) may be concluded in oral form. A licence can be exclusive or non-exclusive. The scope of rights that are subject to the licence should be specified in the agreement; otherwise, such rights are reserved by the licensor.

### 3.3 Are there any laws which limit the licence terms parties may agree (other than as addressed in questions 3.4 to 3.6)?

The period of licence shall not exceed the validity term of copyright. In case the period of licence is not defined in the agreement, the licence agreement shall be considered concluded for the term remaining until the expiration of the validity of copyright, but not more than for five years. Meanwhile, parties should agree at least the following terms: the licence period; the ways the work may be used; the licence territory; the amount and terms of a payment; and other terms upon request of a party.

### 3.4 Which types of copyright work have collective licensing bodies (please name the relevant bodies)?

There are 19 collective licensing bodies, covering all types of copyright works, namely the following:

- Ukrainian Union of Copyright and Related Rights Owners "Oberig".
- State Organisation "Ukrainian Agency of Copyrights and Related Rights".
- Enterprises Union "Ukrainian Musical Alliance".
- Enterprises Union "Ukrainian League of Musical Works".
- Association "Musical Authors' House".
- Ukrainian Public Organisation "The Author".
- Association "Guild of Videograms and Phonograms Producers".
- Ukrainian Public Organisation "Ukrainian Agency of Copyright and Related Rights".
- Ukrainian Public Organisation "Ukrainian Agency of Copyrights".
- Ukrainian Public Organisation "Agency of Protection of Performers' Rights".
- Private Organisation "Collective Licensing Body for Copyrights and Related Rights".
- Ukrainian Public Organisation "CINEMA".
- Ukrainian Public Organisation "Music Authors' Treasury".
- Ukrainian Public Organisation "Ukrainian Authors' League".
- Private Organisation "Ukrainian League of Copyrights and Related Rights".
- Citizens Association Society "Film Managing Association ARMA-Ukraine".
- Ukrainian Public Organisation "Management of Intellectual Property".
- Public Organisation "Organization of collection, distribution and collective management of neighboring rights in Ukraine".
- Public Organisation "Ukrainian Copyright Service".

### 3.5 Where there are collective licensing bodies, how are they regulated?

Collective licensing bodies should be registered with the Ministry of Economic Development and Trade of Ukraine and act on the grounds of laws on non-commercial organisations, their statutes



and authorities entitled by copyright owners. Collective licensing bodies cannot be engaged in commercial activities. They should be entrusted by copyright owners on the grounds of written agreements.

### **3.6 On what grounds can licence terms offered by a collective licensing body be challenged?**

Licence terms offered by a collective licensing body can be challenged on the following grounds: (i) the collective licensing body is not authorised by the copyright owner; and (ii) licence terms offered by a collective licensing body exceed the powers granted by the copyright owner.

## **4 Owners' Rights**

### **4.1 What acts involving a copyright work are capable of being restricted by the rights holder?**

The rights holder is entitled to prohibit or restrict unauthorised exploitation of his works. The Law of Ukraine on Copyright and Related Rights prescribes the following list of acts that require rights holders' authorisation:

1. reproduction of works;
2. public performance and broadcast of works;
3. public demonstration and public display of works;
4. any repeated promulgation of works, if carried out by an organisation other than the one that carried out the first promulgation;
5. translations;
6. versions, adaptations, arrangements and other similar alterations to works;
7. inclusion of works as components into collections, databases, anthologies, encyclopedias, etc.;
8. distribution of originals of works by first sale or in another manner, or transferring for property lease and/or commercial rental or by transferring a work in another manner prior to the first sale of specimens of a work;
9. communication of the works to the public in such a manner that any person can access them at any place and at any time at his own discretion;
10. transfer for property lease and/or commercial rental after the first sale of the original or specimens of audiovisual works, computer software, databases, musical works such as sheet music, as well as works on a phonogram, videogram or in a computer-readable form; and
11. import of specimens of a work; import of translations and/or other alterations of a work.

This list is not exhaustive. The rights holder is eligible to prohibit other acts that concern exploitation of his works.

### **4.2 Are there any ancillary rights related to copyright, such as moral rights, and if so what do they protect, and can they be waived or assigned?**

The author enjoys the legal protection of his personal non-proprietary rights to a work, namely:

1. to require recognition of authorship by indicating the author's name on a work and its specimens and during any public exploitation thereof, if practicable;
2. to prohibit the disclosure of the author's name in the course of a public exploitation of a work, if the author wishes to remain anonymous;

3. to select a pseudonym, to indicate it and require its indication instead of the author's real name with regard to a work and its specimens and during any public exploitation thereof; and
4. to request preservation of the integrity of a work, and to counteract any twisting, distortion or other alteration of a work, or any other encroachment thereon that may prejudice the author's honour and reputation.

The personal non-proprietary rights shall be vested with the author and shall not be alienated to other persons.

### **4.3 Are there circumstances in which a copyright owner is unable to restrain subsequent dealings in works which have been put on the market with his consent?**

If specimens of a lawfully published work legally enter the market through their first sale in Ukraine, it is permissible to repeatedly introduce them at the market through sale, bestowal, etc. without the consent of the rights holder and without payment of remuneration thereto.

As regards works of fine art, the author is entitled to request access to a work with the aim of using it for reproduction purposes, if this does not prejudice the legitimate rights and interests of the owner of a work. At the same time, in this event the right to transfer for property lease or commercial rental belongs exclusively to the rights holder.

## **5 Copyright Enforcement**

### **5.1 Are there any statutory enforcement agencies and, if so, are they used by rights holders as an alternative to civil actions?**

The laws of Ukraine prescribe the possibility of applying to the following statutory enforcement agencies as an alternative or additionally to filing a court claim:

1. Police bodies are entitled to prosecute copyright violations that constitute administrative or criminal offences;
2. the Antimonopoly Committee bodies initiate investigations with regard to acts of unfair competition;
3. State Inspectors of Intellectual Property Matters investigate the acts of unlawful distribution, storage, transportation, circulation of specimens of audiovisual works, computer software and databases; and
4. customs bodies are entitled to initiate administrative actions and seize the counterfeit shipments imported to/exported from the country.

### **5.2 Other than the copyright owner, can anyone else bring a claim for infringement of the copyright in a work?**

Apart from the copyright owners, the exclusive licensees are entitled to sue for copyright infringement. In certain cases, the non-exclusive licensees may sue for copyright infringement provided that such a right is granted thereto under the licence agreement, and the author confirms such authorisation in written form.

The collective management bodies may be entitled to sue for copyright infringement on behalf of a copyright owner on the basis and within the scope of authorities provided by the power of attorney or a written agreement.

### 5.3 Can an action be brought against 'secondary' infringers as well as primary infringers and, if so, on what basis can someone be liable for secondary infringement?

Ukrainian legislation does not provide for "secondary" infringement. An action for copyright infringement can be brought provided that the fact of infringement is established according to the relevant laws.

At the same time, since 2017 Ukrainian laws have prescribed for administrative liability of the hosting providers for non-performance of obligations, to assist the rights holders in stoppage of copyright infringements on the Internet. Although the hosting providers are not liable for copyright infringements revealed at the web pages they administer, they nevertheless are obligated to assist the rights holders in copyright enforcement activities.

### 5.4 Are there any general or specific exceptions which can be relied upon as a defence to a claim of infringement?

Ukrainian laws prescribe a number of copyright exceptions and limitations.

The following uses of copyrighted works are permissible without the rights holder's consent subject to indicating the author's name and the source of reference:

1. Free use of a work for a non-commercial purpose such as:
  - use of quotations (excerpts) from published works to the extent justified by the intended purpose;
  - use of literary works or works of art to the extent justified by the intended purpose as illustrations in publications, broadcasts and recordings of an educational nature;
  - reproduction in the press, public performances or broadcast of previously published newspaper or magazine articles, unless it has been specially prohibited by the author;
  - reproduction with the aim of presenting current events to the extent justified by the informational purpose;
  - reproduction of works displayed at exhibitions and other fairs open to the public in catalogues for coverage of these events, without any commercial use of the catalogues;
  - issue of works for the blind, in Braille characters;
  - reproduction of works for court and administrative proceedings, to the extent justified by this purpose;
  - public performance of musical works during official and religious ceremonies and funerals, to the extent justified by the nature of ceremonies; and
  - reproduction for informational purposes in newspapers and other periodicals, transmission by air or other broadcast of publicly delivered speeches, addresses, reports, other similar works, to the extent justified by the intended purpose.
2. Reprographic reproduction by libraries and non-commercial archives if:
  - reproduction is not performed on a regular basis, and is made upon request of the private person for non-commercial purpose. The present exception does not apply to computer software and databases; or
  - reproduction is performed with the aim of replacing or substituting other specimens of work which have been lost, damaged, or otherwise cannot be used, and if such a reproduction is a one-time event.
3. Reproduction of excerpts of works for educational purposes and one-time (not regular) reprographic reproduction by educational establishments to the extent justified by the intended purpose.

4. Use of computer software, if no damage is caused by the use of the software and the rights holder's rights and legitimate interests are not violated by:
  - making changes in order to ensure its operation with the user's technical equipment, including recording and storing such software in computer memory and correcting evident errors;
  - making one software copy for archival purposes;
  - decompiling the software with the aim of obtaining the information required for the achievement of its interaction with independently developed software; or
  - studying software functioning.
5. Reproduction of works for private use, except for:
  - works of architecture (buildings and facilities);
  - computer software, except in aforementioned cases; and
  - reprographic reproduction of books, sheet music and original works of fine art, except for the use previously mentioned.
6. Reproduction of works and performances on phonograms, videograms, audiovisual works and specimens thereof, at home for private purposes or for use within the family circle, subject to remuneration to the author.

### 5.5 Are interim or permanent injunctions available?

Both interim and permanent injunctions are available under the Ukrainian law.

As regards interim injunctions, the rights holder may request their applying prior to filing a court claim or at any stage of the court proceedings.

The interim injunctions, *inter alia*, may include:

- an order for inspection of premises of the alleged infringers;
- the arrest and seizure of specimens of the counterfeits, materials and equipment used for unauthorised manufacturing or reproduction of the counterfeits;
- the arrest and seizure of invoices and other documents that may serve as evidence of copyright infringement or actions creating such an infringement (or intention to infringe);
- an order to prohibit certain activities of the suspected party, such as manufacturing, reproduction, sale, rental, importation, etc. of specimens of work, as well as transportation, storage, etc. of specimens of work for the purpose of issuing into civil turnover; and others.

If the alleged actions constitute an administrative or criminal offence, the enforcement bodies may issue an order for search and/or arrest of specimens of works suspected in counterfeiting, materials and equipment used for unauthorised manufacturing or reproduction of such works, or documents that may serve as evidence of copyright violation.

As regards permanent injunctions, they can be granted by a final decision of the court, such as orders to do or cease from doing certain activities, e.g. prohibiting unauthorised publishing, performance, staging of works, etc.

### 5.6 On what basis are damages or an account of profits calculated?

Proprietary and moral damages are calculated based on the merits of an infringement, the rights holders' actual damages and/or lost profit as well as profits derived by the infringer as a result of infringing activities.

Alternatively, the rights holder may request payment of compensation instead of the damages or collection of the infringer's profits. The amount of compensation is calculated based on the merits of an infringement and alleged intentions of the infringer. The copyright law prescribes that the amount of compensation shall be based on the doubled or tripled amount of remuneration that should have been paid for the exploitation of copyrighted works.

In addition to damages or compensation, the plaintiff is entitled to request compensation of all expenses related to the court proceeding (including compensation of the state fees, the attorney fees, the fees of expert authorities and others).

### **5.7 What are the typical costs of infringement proceedings and how long do they take?**

The amount of state fees for submitting the civil court claim on the grounds of copyright infringement, on the nature and amount of stated claims, and the selected jurisdiction.

In case of monetary claims, the official fees amount up to two per cent from the claimed amount.

The official fees for non-monetary claims are up to approx. EUR 80. Additional official fees are prescribed for the request of interim injunctions, for filing the appeal and/or second appeal.

Further, the courts may request deposit payment by a certain party of a court proceeding (e.g., as a guarantee of available funds for compensation of the other party's court expenses, etc.).

No official fees are prescribed for applying to the state enforcement bodies (e.g., the Police, the customs bodies, etc.).

The average timeframe of the civil court proceeding is from six months up to one-and-a-half years at the first instance.

The average timeframe of a criminal proceeding, including the court proceedings at the first instance, is from three months to one year.

The average timeframe of an administrative offence proceeding, including the court proceedings at the first instance, is from two to six months.

The average timeframe of an administrative proceeding initiated by the customs bodies is up to one month followed by the court proceeding with the duration of up to three months (at the first instance).

### **5.8 Is there a right of appeal from a first instance judgment and if so what are the grounds on which an appeal may be brought?**

The party to the proceeding at the first instance and/or any party whose rights and interests are influenced by the court decision have a right to file an appeal. The appeal may be brought if the claimant has the grounds to consider the decision of a first instance court to be unlawful and/or to be issued with the lack of grounds.

The second appeal can be filed on the point of law only (i.e. improper application of substantive and/or procedural laws).

### **5.9 What is the period in which an action must be commenced?**

The general limitation period for bringing a civil lawsuit is three years following the date when the plaintiff became aware of the circumstances giving rise to the claim.

The limitation period for initiating an administrative offence procedure is two months; for a criminal offence procedure it is two years from the date the claim arose.

## **6 Criminal Offences**

### **6.1 Are there any criminal offences relating to copyright infringement?**

Actions such as unauthorised reproduction, distribution or other unauthorised exploitation of a copyrighted work constitutes a criminal offence provided that the damages caused thereof exceed a minimum amount as prescribed by the Ukrainian laws (approx. EUR 550).

### **6.2 What is the threshold for criminal liability and what are the potential sanctions?**

Criminal liability occurs in case copyright infringement causes damages in the amount of at least approx. EUR 550. Otherwise, the alleged activities constitute an administrative offence.

The criminal offence penalty is from approx. EUR 110 to EUR 1,800, and/or correctional works for up to two years or imprisonment for up to six years.

The penalty for an administrative offence is up to approx. EUR 120 with the confiscation of the alleged products, tools and equipment used in the production thereof.

## **7 Current Developments**

### **7.1 Have there been, or are there anticipated, any significant legislative changes or case law developments?**

Within the judicial reform launched in 2015, the establishment of the specialised High Court on Intellectual Property Matters as a court of the first and appeal instance for copyright, trademark and patent disputes is anticipated throughout 2019. The decisions of the noted court will be appealed to the Supreme Court.

The new Law on Effective Management of the Proprietary Rights in the Field of Copyright and Related Rights of May 2018 introduced considerable amendments to the state system of collective management. The law prescribes strict requirements as regards the establishment, operations and scope of authorities of the collective management organisations, clear procedure of their cooperation with the foreign collective management bodies, and the clear procedures of cooperation with the rights holders and distribution of the collected remunerations. The noted amendments considerably improved the system of collective management organisations.

The copyright legislation amendments of May 2018 have also introduced a new approach in the calculation of a compensation amount in copyright infringement cases. Previously, the rights holder could claim compensation for copyright violation of an amount from 10 up to 50,000 of minimum incomes with regard to each revealed fact of infringement. However, case law has confirmed that the application of such a principle has resulted in the growth of bad faith claims when the rights holders have used their title for claiming exorbitant amounts by proving the minor or moderate infringements. Now, the copyright laws prescribe that the amount of compensation shall be based on the doubled or tripled amount of remuneration that should have been paid for the exploitation of copyrighted works by the infringer.

**7.2 Are there any particularly noteworthy issues around the application and enforcement of copyright in relation to digital content (for example, when a work is deemed to be made available to the public online, hyperlinking, etc.)?**

Since 2017, Ukrainian copyright laws and the laws on development of cinematography in Ukraine have prescribed the notice and takedown procedure as regards the unauthorised use of copyrighted works on the Internet. The procedure applies in case of the unauthorised use

of the following types of works: audiovisual works; music; computer programs; videograms; phonograms; and broadcasts. The rights holder is eligible to request immediate stoppage of unauthorised use of his works by sending a request to the owner of the website/web page. In case of non-fulfillment of the request by the infringer or if the infringer's details are not disclosed to the public, the rights holder can request assistance of the hosting provider in order to stop the infringement. The procedure is effective in case the request of the rights holder is followed by the copyright infringement claim filed with the court.



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Advance Partners is a Ukrainian law firm practising in intellectual property, competition law, corporate and commercial law, as well as data protection and dispute resolution.

Our team of attorneys provides a whole range of legal services to local and international clients including multinational corporations, privately-owned companies, start-ups and individuals.



# United Arab Emirates

Hamdan AlShamsi Lawyers & Legal Consultants

Hamdan AlShamsi



Omar Kamel



## 1 Copyright Subsistence

### 1.1 What are the requirements for copyright to subsist in a work?

Copyright may subsist in works automatically and/or after registration. The rights of authors of any work, whether scientific, social or artistic rights, are protected automatically by Law No. 40 of 1992 notwithstanding whether they have registered such works or not with any authority. These works include any books, booklets, written material, cinematic creations, musical compositions, acting, photography, broadcasts, cartoons and arts, paintings and others. Once created, the owner gains an automatic right of ownership for the work.

Industrial patents are protected by law and are registered with the authorities. The law also provides that industrial patents are temporarily protected under the law for any industrial patents that were showcased in an exhibition. The use of industrial patents ensures continued protection.

As for trademarks, they are protected by law when registered.

### 1.2 On the presumption that copyright can arise in literary, artistic and musical works, are there any other works in which copyright can subsist and are there any works which are excluded from copyright protection?

Copyright can subsist in translations of original works. There are works that are excluded from copyright protection and the law provides for certain lawful uses/copying of copyrighted material. For example, copyright laws do not extend to all laws, judgments, official documents and news.

### 1.3 Is there a system for registration of copyright and if so what is the effect of registration?

Yes, there is a system; point number 4 of Section One of the Federal Law No. (7) of the Year 2002 – *Scope of Protection* stated that: “*The Ministry constitutes a system for depositing or registering the rights of the works or any actions that may arise at a specific authority therein, according to the stipulations of the implementing regulation of this law. The registers of deposit or registration of rights in the Ministry are considered as reference to the details of the work. Non-deposit of the work or non-registration of its rights or any action*

*allotted to it does not prejudice any of the protection aspects or the rights decided by this law.*”

### 1.4 What is the duration of copyright protection? Does this vary depending on the type of work?

The general duration for copyright is during the lifetime of the author and 25 years after his death. There are few variations to this duration: as an example, for photographic works it is 10 years from the date of publication; and in some circumstances, in respect of works that have been published for the first time after the death of the author, it is 25 years from the first time it is published.

### 1.5 Is there any overlap between copyright and other intellectual property rights such as design rights and database rights?

The law does not prohibit an overlap, whereby if a material or subject can acquire rights under the law protecting authors’ intellectual property, it may also acquire rights under the trademark laws and potentially also industrial patents laws. However, each of the laws – industrial patent law, the law protecting authors and the trademark laws – have their own definition of what is protected under their articles and which do not intend to overlap with one another, and the articles drafting also does not seem to find any overlap. Nonetheless, materials or subjects may find rights in more than one law and as a result overlap.

### 1.6 Are there any restrictions on the protection for copyright works which are made by an industrial process?

The law on industrial patents does not extend to offer protection to biological patents or patents in respect of animals, medical surgery or treatment or diagnosis, in respect of sports science, commercial and trade secrets, or any inventions that may breach public morals or laws.

## 2 Ownership

### 2.1 Who is the first owner of copyright in each of the works protected (other than where questions 2.2 or 2.3 apply)?

The first owner of a copyright is the author of the copyrighted work.

## 2.2 Where a work is commissioned, how is ownership of the copyright determined between the author and the commissioner?

Unless agreed between the parties, any persons who have had a share in the making of a copyrightable source would be a partner in such copyrightable source. Therefore, for works it is important that an agreement is clearly made defining any ownership.

In the creation of musical works, the producer of the music alone will be the owner of the musical work.

As for theatrical or cinematic works, or works made to be broadcast, the following shall be considered a partner in the work: the creator of the scenario; the dialogue producer; the musical producer; and the general director.

One should note that industrial patents and trademarks are treated differently to copyright.

## 2.3 Where a work is created by an employee, how is ownership of the copyright determined between the employee and the employer?

For most copyrights, the employee will still be considered as the author unless an explicit agreement to the same is reached by the employer and the employee. However, as mentioned above, for certain works the law prescribes which roles in the creation of the work shall own the work; therefore in absence of agreements, when assessing owners of copyrights, one should look at the role of the person in the creation of the work rather than whether one was an employee or not.

## 2.4 Is there a concept of joint ownership and, if so, what rules apply to dealings with a jointly owned work?

Yes, the concept of joint ownership is provided in UAE law. The general rule is that the participants to a copyrightable material have an independent right of enforcing it against third party offenders to their rights.

In respect of heirs, after the death of the author they jointly will have ownership of the works until the end of the period mentioned for different types of copyrightable material.

In the case where there is participation in the copyrightable work and all participants have a right to the copyrightable material, the law provides that they shall all own the copyrightable material and they may all enforce their rights separately against any third party persons infringing on such rights. In specific examples such as musical works, the law also specifies certain rights of participants.

# 3 Exploitation

## 3.1 Are there any formalities which apply to the transfer/assignment of ownership?

There are no formalities for an author to assign and transfer the authorship of the whole work to another person other than for an agreement to be present, and it would be prudent for this agreement to be written.

## 3.2 Are there any formalities required for a copyright licence?

There are formalities required when assigning the monetary rights

to another person by the author, whereby this assignment and transfer should be written and be explicit in respect of the rights of the parties, along with the period of assignment, the purpose of the agreement and the territory and the amount for such assignment. The law prohibits the author from performing any act that will impede the use by the transferee of his rights under such an assignment.

## 3.3 Are there any laws which limit the licence terms parties may agree (other than as addressed in questions 3.4 to 3.6)?

Nothing in the law specifically limits the licence terms, although it should be noted that copyright protection is limited for up to 50 years, with less for certain works. The law does however require that a period is mentioned explicitly.

## 3.4 Which types of copyright work have collective licensing bodies (please name the relevant bodies)?

The Ministry of Culture and Media is the licensing body in respect of copyrightable materials, which may provide a certificate of ownership to an author or several authors collectively. The rules of registering copyrights are found with the Ministry, which has requirements of its own when registering a copyright.

## 3.5 Where there are collective licensing bodies, how are they regulated?

There are no collective licensing bodies or independent licensing bodies for copyrights apart from the Ministry of Culture and Media.

## 3.6 On what grounds can licence terms offered by a collective licensing body be challenged?

The grounds of challenging a licence are ultimately through the courts, and/or otherwise in certain circumstances the Ministry of Culture and Media may intervene and amend licensing made previously.

# 4 Owners' Rights

## 4.1 What acts involving a copyright work are capable of being restricted by the rights holder?

The author and his successors in title enjoy the following rights:

- The right to determine the first publication of the work.
- The right of writing the work in his name.
- The right to protest against alteration of the work if the alteration leads to distortion or mutation or causes derogation to the author.
- The right to withdraw his work from circulation in case of serious reasons justifying such an act.
- The right to grant a licence for exploitation of the work by any means.

## 4.2 Are there any ancillary rights related to copyright, such as moral rights, and if so what do they protect, and can they be waived or assigned?

Yes, as mentioned above the author has certain rights to enforce publications of his work with his name attached to it along with the right of attribution.

#### 4.3 Are there circumstances in which a copyright owner is unable to restrain subsequent dealings in works which have been put on the market with his consent?

The law provides the right for the author alone to request the courts, with material reasons and a claim with acceptable merits, to stop his work(s) from being circulated or request that a change/addition is made to his work(s), and in such an event, the courts will order that he pays reasonable compensation to any party to whom the author has previously provided a licence to.

### 5 Copyright Enforcement

#### 5.1 Are there any statutory enforcement agencies and, if so, are they used by rights holders as an alternative to civil actions?

The law provides that the Ministry of Justice and the Ministry of Culture and Media shall agree on the appointment of inspectors licensed by the authorities, who have the right to enter into premises and detain illegal copies of copyrightable materials and enforce the law.

#### 5.2 Other than the copyright owner, can anyone else bring a claim for infringement of the copyright in a work?

Other than the author, the successors, licensees and other interested parties may bring a claim or otherwise register a complaint with the prosecutors or ministry.

#### 5.3 Can an action be brought against 'secondary' infringers as well as primary infringers and, if so, on what basis can someone be liable for secondary infringement?

Yes, the law clearly prohibits anyone from infringing; therefore if someone was acting on the thought that he was licensed, and it appears that the primary licensor was infringing, then the secondary infringer will be culpable.

#### 5.4 Are there any general or specific exceptions which can be relied upon as a defence to a claim of infringement?

The law provides for authorised use by individuals and entities of any copyright which may be used as a defence; some of the authorised uses are for personal use, or for educational purposes, etc.

#### 5.5 Are interim or permanent injunctions available?

The courts grant injunctions to stop an infringer from further copying, and there are also requests that can be made to the courts to seize all fake versions of the copyrighted work.

#### 5.6 On what basis are damages or an account of profits calculated?

For direct and consequential damages, the claimant must prove his damages for the the damages to be calculated. Damages may be

calculated on the basis of anticipated profits, however, the courts may not award such damages; historical figures and proof would be extremely beneficial in quantifying such anticipated and future loss of business.

#### 5.7 What are the typical costs of infringement proceedings and how long do they take?

Any action by an inspector or prosecutor does not cost the claimant any money; however, it is recommended that a lawyer is appointed to assist the prosecutors in the investigation process and the claimant in such a process. The claimant may claim temporary damages of up to AED 20,000 throughout the criminal proceedings. With a monetary claim, the claimant must claim through the civil courts; different courts in different emirates in the UAE calculate costs differently, but typically lawyers' costs along with courts' costs would amount to anywhere around AED 40,000 and above, depending on the complexity and the amounts claimed.

The criminal complaint through to obtaining a final criminal judgment would typically take around one year, whilst any civil claim would come after or be made in parallel and would typically take around one-and-a-half years.

#### 5.8 Is there a right of appeal from a first instance judgment and if so what are the grounds on which an appeal may be brought?

A defendant has a right of appeal automatically and appeals may be brought on several grounds afforded by the law.

#### 5.9 What is the period in which an action must be commenced?

It is recommended that an action is brought as soon as one knows of the infringement; however, in respect of limitations, the general limitation for tortious acts is three years while for criminal acts it is five years.

### 6 Criminal Offences

#### 6.1 Are there any criminal offences relating to copyright infringement?

Yes, the copyright law provides fines and jail time for any offenders who breach copyright law and rights of authors.

#### 6.2 What is the threshold for criminal liability and what are the potential sanctions?

Criminal activity in the UAE requires the person committing the offence to have intent and have performed an act of infringing on copyright materials. The potential sanctions are penalties starting from a minimum of AED 50,000 for certain offences and a minimum of AED 10,000 for others, coupled with jail time from one month and up to three years.

## 7 Current Developments

### 7.1 Have there been, or are there anticipated, any significant legislative changes or case law developments?

There have been no significant developments recently, and also none in case law.



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### 7.2 Are there any particularly noteworthy issues around the application and enforcement of copyright in relation to digital content (for example, when a work is deemed to be made available to the public online, hyperlinking, etc.)?

The electronic storage and access of copyrighted material online has not changed the way the law is applied in respect of copyright; however, in respect of jurisdictional arguments for claims and infringements, online storage and access of copyrighted material certainly require a high appreciation of jurisdictional arguments when it comes to claiming and registering complaints in respect of copyright infringements.



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## HAMDAN ALSHAMSI

LAWYERS & LEGAL CONSULTANTS

Hamdan AlShamsi Lawyers & Legal Consultants was established in 2011. It has since become a name synonymous with success and is well-known in the legal circuit. The success of the law firm is due to its specialisation in advising on commercial issues, insurance, due diligence, family law, intellectual property law, banking, companies law and other matters locally, and its dedication towards offering unparalleled, high-quality and culturally sensitive legal services, while adhering to the highest standards of integrity and excellence.



# United Kingdom

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## 1 Copyright Subsistence

### 1.1 What are the requirements for copyright to subsist in a work?

For copyright to subsist:

- literary, dramatic, musical and artistic works must comply with the criterion of originality, i.e. the work must originate from its author and must not be copied from another work. This does not mean that the work must be the expression of original or inventive thought; the originality required relates to the expression of the thought and is not a subjective test regarding the 'artistic' originality or novelty. The standard of originality is low and depends on the author having created the work through his own skill, judgment and individual effort, and not having copied from other works;
- the work must be fixed, i.e. recorded in writing or in some other material form; and
- the work must meet UK qualification requirements, either through the nationality of its author or through its place of first publication.

### 1.2 On the presumption that copyright can arise in literary, artistic and musical works, are there any other works in which copyright can subsist and are there any works which are excluded from copyright protection?

Copyright can also subsist in the following works: dramatic (e.g. plays, dance); typographical arrangements of published editions (e.g. magazines, periodicals); sound recordings (which may be recordings of other copyright works, e.g. musical and literary); films; and broadcasts.

Computer programs are protected as literary works. However, copyright protects the expression of an idea, not the idea itself; therefore, certain forms may not carry copyright protection, e.g. the functionality, programming language and interfaces (such as data file formats) of computer programs are not protected by copyright to the extent that they are not contained in the software's source code (which is the written expression in which copyright can subsist).

### 1.3 Is there a system for registration of copyright and if so what is the effect of registration?

No, copyright subsists automatically.

### 1.4 What is the duration of copyright protection? Does this vary depending on the type of work?

In general, the terms of protection in the UK are as follows:

- Copyright in a literary, dramatic, musical or artistic work lasts for the life of the author plus 70 years from the end of the calendar year in which the author dies.
- Copyright in computer-generated literary, dramatic, musical or artistic works lasts 50 years from the end of the calendar year in which the work was made.
- Copyright in a film expires 70 years after the end of the calendar year in which the death occurs of the last to survive of the principal director, the authors of the screenplay and dialogue, and the composer of any music specifically created for the film.
- Copyright in a sound recording expires 50 years from the end of the calendar year in which the recording is made; or if, during that period, the recording is published, 70 years from the end of the calendar year in which it was first published; or if, during that period, the recording is not published but is played or communicated in public, 70 years from the end of the calendar year in which it was first so made available.
- Copyright in a broadcast expires 50 years from the end of the calendar year in which the broadcast was made.
- Copyright in the typographical arrangement of a published edition expires at the end of the period of 25 years from the end of the calendar year in which the edition was first published.

### 1.5 Is there any overlap between copyright and other intellectual property rights such as design rights and database rights?

Some works are also covered by other intellectual property rights in addition to copyright: e.g. 3-D and other designs can be protected by design rights; a database may be protected by the *sui generis* database right (this is intended to protect and reward investment in the creation and arrangement of databases); and a logo can also potentially be protected by a trade mark.

### 1.6 Are there any restrictions on the protection for copyright works which are made by an industrial process?

No. Until recently in the UK, where articles embodying a copyright work were made with the copyright owner's consent by means of an

industrial process, and had been marketed, the work could be copied without infringing copyright in the work 25 years after those articles were first marketed. A work is regarded as made by an industrial process if it is one of more than 50 articles made as copies of a work (this can include miniature replicas of a work). New legislation in 2016 repealed this provision in the UK with effect from 28 July 2016 so that all artistic works, whether or not made by an industrial process, now benefit from copyright protection for the life of the author plus 70 years. In addition, the transitional period ended on 28 January 2017, after which date any work created in reliance on the old section, and which does not fall within an exception to copyright law, must be destroyed or authorised by the rightsholder.

## 2 Ownership

### 2.1 Who is the first owner of copyright in each of the works protected (other than where questions 2.2 or 2.3 apply)?

The author, i.e. the person who creates the work, is usually the first owner of copyright in that work. The presumption is that the author will be:

- the person who creates a work for literary, dramatic, musical or artistic works;
- the producer of a sound recording;
- the producer and the principal director of a film;
- the publisher of a published edition;
- the person making a broadcast or effecting a retransmission of a broadcast;
- the publisher of a typographical arrangement; and
- the person making the arrangements necessary for the creation of the work for computer-generated works.

However, this may be amended by agreement. For example, it is possible for someone who would ordinarily be deemed to be the copyright owner to assign the benefit of future copyright, even prior to that work having been created.

### 2.2 Where a work is commissioned, how is ownership of the copyright determined between the author and the commissioner?

Copyright will belong to the author of the work (i.e. the person commissioned), unless there is an agreement to the contrary assigning the copyright and which is signed by the commissioned party, e.g. in a services contract. However, where a work has been commissioned and there is no express assignment of the copyright to the commissioner or licence to the commissioner to use the work, the courts have often been willing to imply a contractual term that copyright should be licensed to the commissioner for the use that was envisaged when the work was commissioned. Occasionally, the court will even assign the copyright to the commissioner. The extent of any implied licence will depend on the facts of any given case, but generally the licence will only be that necessary to meet the needs of the commissioner.

### 2.3 Where a work is created by an employee, how is ownership of the copyright determined between the employee and the employer?

If a work is produced as part of an employee's employment, the first owner will automatically be the company that employs the individual who created the work, unless the employee and employer

agree otherwise in writing. No further formalities are required and the employee has no rights to subsequent compensation.

### 2.4 Is there a concept of joint ownership and, if so, what rules apply to dealings with a jointly owned work?

Yes. A work will be of joint authorship if it is produced by the collaboration of two or more authors in which the contribution of each author is not distinct from that of the other author or authors. If the contribution is distinct then separate copyrights will subsist in each author's respective parts of the work.

A joint author will have individual rights that they can assign independently of the other author or authors. However, a joint owner cannot grant a licence which is binding on the other co-owners, nor can a joint owner grant an exclusive licence.

## 3 Exploitation

### 3.1 Are there any formalities which apply to the transfer/assignment of ownership?

Copyright is transmissible by assignment, by testamentary disposition or by operation of law, as personal or movable property. The only formal requirements for an assignment of copyright are that it is in writing and signed by or on behalf of the assignor. The terms of the assignment (and how they are expressed) are entirely at the discretion of the contracting parties.

An assignment or other transfer of copyright may be partial, that is, limited so as to apply to one or more, but not all, of the acts the copyright owner has the exclusive right to do; and can be in relation to part or the whole of the period for which the copyright is to subsist.

### 3.2 Are there any formalities required for a copyright licence?

Unlike an assignment, a licence of copyright need not be in writing nor comply with particular formalities and may, therefore, be oral or implied. However, in order to obtain the statutory rights of an exclusive licensee, e.g. the right to sue third party infringers, an exclusive licence must be recorded in writing signed by or on behalf of the licensor. If an exclusive licence is not in writing, the licensee will only have a contractual right to use the copyright, not to enforce it.

### 3.3 Are there any laws which limit the licence terms parties may agree (other than as addressed in questions 3.4 to 3.6)?

Please see the answers to questions 2.4 and 4.2.

### 3.4 Which types of copyright work have collective licensing bodies (please name the relevant bodies)?

There are numerous collecting societies in existence in the UK, including:

- the Performing Rights Society (PRS), which administers the public performance rights (including in relation to broadcasts, streaming services, and non-theatrical performances) of authors, composers and music publishers in musical works;
- the Mechanical-Copyright Protection Society (MCPS), which administers the reproduction rights (e.g. in relation

to CDs, digital downloads and musical toys) of songwriters, composers and music publishers (PRS and MCPS operate jointly as PRS for Music);

- Phonographic Performance Ltd (PPL), which administers the public performance rights of producers in sound recordings;
- NLA Media Access (formerly the Newspaper Licensing Agency), which administers the reproduction rights of newspaper and some magazine publishers in articles;
- the Copyright Licensing Agency (CLA), which administers the reproduction rights of authors and publishers in literary and artistic works;
- the Authors' Licensing and Collecting Society (ALCS), which administers various rights of authors in literary and dramatic works; and
- the Design and Artists Copyright Society (DACS) and the Artists' Collecting Society (ACS), which administer rights in artistic works (including resale rights).

### 3.5 Where there are collective licensing bodies, how are they regulated?

Collecting societies are regulated by the Collective Management of Copyright (EU Directive) Regulations 2016. They are also subject to the supervision of the Copyright Tribunal in relation to licensing terms.

### 3.6 On what grounds can licence terms offered by a collective licensing body be challenged?

A reference in respect of the terms of a *proposed* licensing scheme may be made to the Copyright Tribunal by an organisation claiming to be representative of persons who claim that they require licences under the proposed scheme. A licensee may also refer to the Copyright Tribunal the terms on which a licensing body proposes to grant a licence to it. A reference to the Copyright Tribunal in respect of the terms of an *existing* licence scheme may be brought by a person claiming that he requires a licence under it, or an organisation claiming to be representative of such persons.

The primary grounds of challenge which the Copyright Tribunal can consider are that the terms are unreasonable or discriminate unfairly between licensees.

In addition, a person can make an application to the Copyright Tribunal where an operator of a scheme has unreasonably refused to grant a licence under that scheme.

In addition to copyright claims, the Collective Management of Copyright (EU Directive) Regulations 2016 require copyright licensing bodies to make available alternative dispute resolution procedures in relation to any breach of the Regulations, except in relation to tariffs.

## 4 Owners' Rights

### 4.1 What acts involving a copyright work are capable of being restricted by the rights holder?

Copyright holders have the exclusive right to do or authorise the following:

- copying the work;
- issuing copies of the work to the public;
- renting or lending the work to the public;
- performing, showing or playing the work in public;
- communicating the work to the public; and
- adapting the work.

The copyright owner can restrict these acts in relation to the whole or any substantial part of the work.

The courts have shown that they are willing to find intermediary service providers (ISPs) liable for primary copyright infringement where they have infringed the exclusive right of copyright owners to authorise any of the above acts, most notably where ISPs have authorised the copying of works or making them available to the public.

The courts have also shown a willingness to use common law principles to protect the rights of copyright owners. For example:

- parties have been found to infringe copyright where they act in a common design with each other to induce others to do any of the above infringing acts; and
- recent case law has also found that where website operators or service providers provide the key means by which copyright can be infringed, and they know or intend for their service to be used for that purpose, they can be held to be joint tortfeasors with those who actually perform the infringing act.

### 4.2 Are there any ancillary rights related to copyright, such as moral rights, and if so what do they protect, and can they be waived or assigned?

There are a number of ancillary rights associated with the creation of copyright works, the most common of which are:

- Moral rights: the author or director of a copyright work usually has moral rights in relation to the work. These are the rights to: i) be identified as the work's author or director; ii) object to derogatory treatment of the work; iii) privacy in respect of certain photographs and films; and iv) not have the work's authorship wrongly attributed. These rights may be waived by the author or director but not assigned. The first three rights have the same duration as copyright, but the right to object to false attribution lasts for the author's or director's lifetime plus 20 years.
- Performers' rights: performers have various rights in their performances, as well as in the recordings or broadcasts of their performances.
- Publication right: the publication right grants rights equivalent to copyright to a person who publishes for the first time a literary, dramatic, musical or artistic work, or a film in which copyright has expired.

### 4.3 Are there circumstances in which a copyright owner is unable to restrain subsequent dealings in works which have been put on the market with his consent?

The doctrine of exhaustion of rights provides that once copies of a copyright work are issued to the public in one EEA Member State with the owner's consent, the owner cannot object to their circulation anywhere else within the EEA. The courts have held that the principle does not apply to subsequent/back-up copies of digital works. In those cases it appears that the copyright owner's rights would only be exhausted in relation to the original digital version placed on the market.

## 5 Copyright Enforcement

### 5.1 Are there any statutory enforcement agencies and, if so, are they used by rights holders as an alternative to civil actions?

HMRC is the UK customs authority responsible for national policy governing IP rights enforcement at the UK external border. In certain

circumstances, HMRC (and Border Force, the law enforcement command within the Home Office responsible for carrying out the frontier interventions that implement this policy) are empowered to detain goods that may infringe intellectual property rights such as copyright. There are two regimes in existence, one governed by European Regulations and the other by purely domestic legislation. The two regimes, which are mutually exclusive, are as follows:

- Regulation (EU) No 608/2013 (in force in the UK since 1 January 2014), which regulates pirated goods infringing copyright; and
- Section 111 of CDPA 1988, which permits the owner of copyright in certain types of works to lodge a notice with HMRC stating their ownership of copyright in a work and requesting infringing copies to be treated as prohibited goods.

Trading Standards officers in the UK are also under a statutory duty to enforce copyright and have the powers, among others, to make test purchases of infringing goods, to enter premises and to inspect and seize goods and documents which infringe.

The City of London Police and the UK Intellectual Property Office have also set up the Police Intellectual Property Crime Unit (PIPCU) to tackle serious and organised intellectual property crime (counterfeit and piracy) affecting physical and digital goods (with the exception of pharmaceutical goods). PIPCU's focus is on offences committed online. PIPCU is an independent, national enforcement unit designed to protect and enforce existing rights.

## 5.2 Other than the copyright owner, can anyone else bring a claim for infringement of the copyright in a work?

Yes, an exclusive licensee has the same rights and remedies, in respect of matters that occur after the exclusive licence was granted, as if the licence had been an assignment. This statutory position can be modified by contract.

A non-exclusive licensee can also bring a claim for infringement, although only in limited circumstances; specifically, if the infringement is directly connected to an act which the licensee had been licensed to carry out under the licence, and the licence is in writing, signed by the copyright owner, and expressly grants the non-exclusive licensee a right of action.

## 5.3 Can an action be brought against 'secondary' infringers as well as primary infringers and, if so, on what basis can someone be liable for secondary infringement?

Yes, a person will be liable for secondary infringement of copyright if they do or authorise any of the following:

- import an infringing copy;
- possess or deal with an infringing copy;
- provide means for making infringing copies;
- permit the use of premises for an infringing performance; and
- provide apparatus for an infringing performance.

To be liable for secondary acts of infringement, the secondary infringer must have some actual or imputed knowledge of the primary infringement of the copyright work.

## 5.4 Are there any general or specific exceptions which can be relied upon as a defence to a claim of infringement?

A number of provisions of the CDPA permit various activities which would otherwise be infringements of copyright in literary, dramatic or musical works.

The most common exceptions relate to:

- temporary copies technically required to enable a lawful use;
- fair dealing, including the use of copyright works for the purpose of;
  - news reporting;
  - parody, caricature of pastiche; and
  - quotation;
- incidental inclusion;
- educational use;
- use in libraries,
- archives and public administration;
- works permanently situated in public places;
- the making of digital copies by various institutions;
- text and data mining;
- making copies accessible to disabled people;
- further exceptions for the purpose of research or private study;
- public interest; and
- copying for the visually impaired.

There is currently no private copying exception under UK law.

## 5.5 Are interim or permanent injunctions available?

Yes, both interim and permanent injunctions are available, as are "site-blocking injunctions" (orders against ISPs to prevent access to websites held to infringe copyright).

## 5.6 On what basis are damages or an account of profits calculated?

Damages are calculated so as to put the claimant in the position it would have been in if the infringing act had not occurred. This is often based on what would have been a reasonable licence fee had the copyright owner entered into an arm's length licence with the party found to infringe the copyright. An account of profits is calculated so as to make the defendant forfeit to the copyright owner the profits made as a result of the infringing act. A successful claimant must elect one of the two remedies. In the event that the infringement has been particularly flagrant, the copyright owner will be able to claim punitive damages in addition to the basic amount.

## 5.7 What are the typical costs of infringement proceedings and how long do they take?

The traditional forum for IP litigation at first instance in the UK is the High Court. Costs can vary from £250,000–£1 million per side (depending on the complexity of the claims at issue) to take an action to trial, and the winner can usually expect to recover about two thirds of its actual costs from the loser. The typical time for a case to be heard at the High Court is about 12–15 months, and with an appeal within a further 12–18 months.

Infringement proceedings can also be brought in the Intellectual Property and Enterprise Court ("IPEC") in which court procedures are simplified to make the cost of actions significantly lower: recent experience has shown that typical costs are of the order of £75,000–£200,000 per side, although costs recovery by the winner is limited to a maximum of £50,000. The typical time for a case to be heard is 8–12 months in the IPEC.



### 5.8 Is there a right of appeal from a first instance judgment and if so what are the grounds on which an appeal may be brought?

Yes, the appeal court will allow an appeal where the decision of the lower court was one of the below:

- Wrong (which is presumed to mean: an error of law; an error of fact; or an error in the exercise of the court's discretion).
- Unjust, because of a serious procedural or other irregularity in the proceedings in the lower court.

### 5.9 What is the period in which an action must be commenced?

The limitation period for bringing a copyright infringement claim in the UK is six years from the date when the cause of action arose.

## 6 Criminal Offences

### 6.1 Are there any criminal offences relating to copyright infringement?

There are various criminal offences in respect of copyright infringement, including:

- making an infringing article for sale or hire;
- importing an infringing article into the UK other than for private and domestic use;
- possessing an infringing article in the course of business with a view to committing any act infringing copyright;
- selling, letting for hire, offering/exposing for sale or hire, exhibiting in public, or distributing an infringing article in the course of business;
- distributing an infringing article not in the course of business but to such an extent as to prejudice the copyright owner; for example, a large number of infringing copies are given away for free, therefore affecting the copyright owner's revenue;
- making/possessing an article specifically designed for making copies of a copyright work;
- communicating a work to the public in the course of a business or in such a way as to prejudicially affect the copyright owner;
- causing an infringing public performance of a literary, dramatic or musical work;
- causing an infringing public showing of a sound recording or film; and
- circumventing technological measures, removing or altering electronic rights management information, or dealing in devices meant for that purpose.

### 6.2 What is the threshold for criminal liability and what are the potential sanctions?

Infringements carried out with knowledge and intent for a commercial purpose can attract criminal liability; there is no

criminal liability where a protected work is copied but not made available for commercial sale or hire.

Criminal remedies apply in parallel with civil remedies, and offences carry varying levels of possible punishment including fines and/or imprisonment with, in certain cases, a maximum term of imprisonment of 10 years. Criminal sanctions for online copyright infringement have recently been brought in line with those for physical infringement (i.e. to increase the sanction from a maximum two-year imprisonment to a maximum of 10 years' imprisonment).

## 7 Current Developments

### 7.1 Have there been, or are there anticipated, any significant legislative changes or case law developments?

The text of the new European Copyright Directive continues to be negotiated, particularly with regard to the issues of a new press publishers' right and the proposal set out in Article 13 regarding the so-called "value gap". In light of the ongoing delays in relation to the Directive's approval, it is becoming increasingly unlikely that the date by which the Directive will need to be implemented will happen before the date the UK will leave the European Union. If the Directive is not required to be implemented prior to Brexit, it will be for UK legislature to determine what elements, if any, of the Copyright Directive will be transposed into English law.

There has also been a recent development in blocking injunction case law in England. The Supreme Court decision in *Cartier International v BT & Another* [2018] UKSC 28 found that rightsholders (in that case, trade mark owners), not ISPs, must bear the cost of the implementation of blocking injunctions that they request ISPs to impose. This may have a consequential effect on blocking injunctions sought by copyright owners if the same reasoning is applied to them. A possible effect, if this approach is taken, is that the cost a copyright owner may have to bear for the implementation of a blocking injunction could be disproportionate to the value of the injunction.

### 7.2 Are there any particularly noteworthy issues around the application and enforcement of copyright in relation to digital content (for example, when a work is deemed to be made available to the public online, hyperlinking, etc.)?

European case law continues to evolve in this regard, most recently with the CJEU decision in *Renckhoff* C-161/17 in which the CJEU found that the publication on a website without the authorisation of the copyright holder of a work, which was previously communicated on another website with the holder's consent, should be treated as making such a work available to a new public, and thereby an unauthorised communication of that work to the public. It will be interesting to see whether the CJEU's current line of reasoning (which continues to favour copyright owners) will be followed by the English courts after the UK leaves the EU.

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Rebecca has represented major ISPs in litigation brought by the recorded music industry relating to peer-2-peer music downloading and the blocking of Pirate Bay websites. Rebecca has also worked extensively with customs authorities in relation to counterfeit goods on behalf of numerous global media, clothing, automotive, and food & drink organisations. As a result of this work, Rebecca was invited to be the Irish liaison between rightsholders and international customs authorities in the initial phase of the World Customs Organisations' innovative Interface Public-Members Tool project. More recently, Rebecca has acted in numerous actions involving copyright infringement relating to broadcasting sports events in pubs around the UK and in relation to infringing activity online.

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Phil has handled several Copyright Tribunal cases in relation to the licensing of music and newspaper content, including representing the media monitoring industry in the well-known Meltwater dispute. He also advises a wide range of clients on other copyright law related issues, including content owners and licensees in the music, publishing, broadcast and advertising industries.

Phil is ranked as a leading individual for Media & Entertainment in the most recent *The Legal 500* UK guide.

# Bird & Bird

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David Donahue



Jason D. Jones



## 1 Copyright Subsistence

### 1.1 What are the requirements for copyright to subsist in a work?

Copyright protection subsists in original works of authorship fixed in any tangible medium of expression. The fundamental criteria of copyright protection are (i) originality, and (ii) fixation in tangible form.

To meet the originality requirement, the author must show independent creation and some modicum of creativity. To meet the fixation requirement, the author must show that the work is embodied in a copy or a recording or in any manner that is sufficiently permanent or stable to permit it to be perceived, reproduced, or otherwise communicated for a period of more than transitory duration.

### 1.2 On the presumption that copyright can arise in literary, artistic and musical works, are there any other works in which copyright can subsist and are there any works which are excluded from copyright protection?

In addition to the works mentioned, the Copyright Act provides protection for dramatic works, pantomimes and choreographic works, motion pictures and other audio-visual works, architectural works fixed on or after December 1, 1990, and sound recordings fixed on or after February 15, 1972. As discussed in question 7.1, legislation under review would provide certain protection for pre-1972 sound recordings.

Software is not listed under a separate category; rather, it is protected as a literary work.

The Copyright Act has special provisions for the protection of semiconductor chip products and designs relating to vessel holds and decks.

Copyright in the U.S. does not extend copyright protection for a useful article except to the extent that the design of the useful article incorporates pictorial, graphic, or sculptural features that can be identified separately from and are capable of existing independently of the utilitarian aspects of the article. This makes it difficult to obtain copyright protection in the U.S. for clothing, furniture, watches, and other useful articles. Moreover, in the U.S., typeface is considered a useful article that is not eligible for copyright protection.

Copyright protection does not exist in the U.S. for any idea, procedure, process, system, method of operation, concept, principle,

or discovery; rather, copyright protection only extends to the manner in which ideas are expressed.

There is no copyright protection in the U.S. for unoriginal works under a “sweat of the brow” theory. Moreover, there is no separate statutory protection for databases. However, a database may be protected under copyright as a compilation if there is original authorship in the selection, coordination or arrangement of materials in the database.

### 1.3 Is there a system for registration of copyright and if so what is the effect of registration?

Copyright registration is not mandatory for the purposes of obtaining copyright protection in the U.S., but there are significant benefits to obtaining such a registration.

- For works of U.S. origin, a copyright registration is required before the copyright owner can commence a copyright infringement litigation in a U.S. court. Some courts have held that the issuance of a registration is not required and that a completed application submitted to the Copyright Office suffices. The Supreme Court will soon resolve this split in authority. *See* discussion in question 7.1. The registration-before-commencement of litigation requirement does not apply to works of foreign origin.
- For all works, including works of foreign origin, the copyright owner must obtain a copyright registration before an infringement commences to be eligible for recovery of statutory damages and attorneys’ fees in any action arising from the infringement. As an exception, if a newly published work is infringed within three months of first publication but before registration, the copyright owner will be eligible to recover statutory damages and attorneys’ fees as long as the registration is obtained within three months of first publication and no more than one month after the copyright owner learned of the infringement.

### 1.4 What is the duration of copyright protection? Does this vary depending on the type of work?

The duration of copyright protection in the United States depends on the date on which copyright in the work was originally secured and on the type of author of the work at issue.

For works that were either unpublished and unregistered as of January 1, 1978, or created on or after January 1, 1978, the term of protection varies depending on the nature of authorship, as follows:

- For works created by a single author not as a work made for hire, the term of protection is the life of the author plus 70 years.

- In the case of joint authors, the term of protection is the life of the last surviving author plus 70 years.
- For anonymous works, pseudonymous works, and works made for hire, the term of protection is 95 years from the year of first publication or 120 years from the year of creation, whichever expires first.
- For works created but not published or registered with the Copyright Office before January 1, 1978, the term of protection is the same as that of works created on or after January 1, 1978, except that if the work was first published between January 1, 1978 and December 31, 2002, the term of copyright will not expire before December 31, 2047.

For works first published or registered with the U.S. Copyright Office before January 1, 1978, the Copyright Act of 1909 provided for an initial term of copyright of 28 years and a second renewal term of copyright of 28 years, the latter which has since been extended to 67 years. As such, for works first published with notice or registered before January 1, 1978, the maximum term of protection is 95 years. This means that many works first published in the late 1920s remain protected under U.S. copyright, regardless of the date of the author's death.

### **1.5 Is there any overlap between copyright and other intellectual property rights such as design rights and database rights?**

Overlapping protection under copyright law and design patent law exists where a novel ornamental feature of an article of manufacture can be identified separately from and is capable of existing independently of its utilitarian aspects. For example, it would be possible to obtain design patent protection and copyright protection for a novel ornamental stitching design applied to an article of clothing.

Overlapping protection under trademark and copyright law also exists, particularly with respect to logos and product packaging, as well as characters and other sufficiently creative elements of entertainment properties that also serve a source-identifying purpose (*e.g.*, illustrations of the SUPERMAN character).

### **1.6 Are there any restrictions on the protection for copyright works which are made by an industrial process?**

There are no express restrictions on copyright protection for works that are made by an industrial process. However, some of the limitations discussed above, including the limitations on copyright protection for useful articles, would preclude copyright protection for many works made by an industrial process. Moreover, for copyright to exist in a work, there must be a human author; works created by an industrial process without human guidance would not be copyrightable.

## **2 Ownership**

### **2.1 Who is the first owner of copyright in each of the works protected (other than where questions 2.2 or 2.3 apply)?**

The general rule is that the creator of a work is considered both the author and original copyright owner of the work.

### **2.2 Where a work is commissioned, how is ownership of the copyright determined between the author and the commissioner?**

The ownership of a commissioned work created by an independent contractor depends on when the work was created.

For such works created before January 1, 1978, the work would be considered a "work made for hire" – such that the commissioning party would own the copyright and be considered its author – if the work was created at the "instance and expense" of the commissioning party.

For commissioned works created by independent contractors on or after January 1, 1978, a work can be considered a "work made for hire" such that the commissioning party would be the author and original copyright owner only if (i) the parties agree in writing that the work "shall be considered a work made for hire", and (ii) the work is specially ordered or commissioned for use as one of the following:

- a contribution to a collective work;
- a part of a motion picture or other audio-visual work;
- a translation;
- a supplementary work;
- a compilation;
- an instructional text;
- a test;
- answer material for a test; or
- an atlas.

### **2.3 Where a work is created by an employee, how is ownership of the copyright determined between the employee and the employer?**

Works created by employees within the scope of their employment are considered works made for hire, the result being that the employer is the author and copyright owner of the work.

### **2.4 Is there a concept of joint ownership and, if so, what rules apply to dealings with a jointly owned work?**

A work prepared by two or more authors with the intention that their contributions be merged into inseparable or interdependent parts of a unitary whole will be considered a work of joint authorship.

Absent an agreement to the contrary in writing, each joint author will be considered a co-owner of the copyright in the work with an equal undivided interest in the whole regardless of the relative contributions of each author to the work.

Each joint author/co-owner may grant licences to others without the other joint authors' consent, but any such licence can only be a non-exclusive licence unless all joint authors join together to grant an exclusive licence or the joint authors agree beforehand that one of them has the right to grant exclusive licences.

A joint author who grants a licence without the participation or consent of the other joint authors must account to the other joint authors for their share of the profits of the licence.



### 3 Exploitation

#### 3.1 Are there any formalities which apply to the transfer/assignment of ownership?

The Copyright Act defines a “transfer of copyright ownership” to include assignments, mortgages and exclusive licences but not non-exclusive licences.

A copyright transfer is not valid unless an instrument of conveyance, or a note or memorandum of the transfer, is in writing and signed by the owner of the rights conveyed or such owner’s duly authorised agent. Any purported assignment or exclusive licence that is not reflected in writing signed by the copyright owner or the copyright owner’s agent, will not be recognised as a copyright transfer but may, under certain circumstances, be treated as a non-exclusive licence.

A copyright transfer may be recorded with the Copyright Office. While such recordation is not mandatory, it is advisable, since the failure to record a transfer can result in a loss of rights where a second purchaser obtains a transfer of copyright in the same work without notice of the prior transfer, and records the assignment with the Copyright Office before the first assignment is recorded.

#### 3.2 Are there any formalities required for a copyright licence?

An exclusive licence must be reflected in a writing signed by the copyright owner or the copyright owner’s duly authorised agent. Non-exclusive licences need not be in writing.

#### 3.3 Are there any laws which limit the licence terms parties may agree (other than as addressed in questions 3.4 to 3.6)?

An author or the author’s heirs may terminate a grant of copyright by the author for a five-year period beginning at the end of 35 years from the date that the author executed the grant, “notwithstanding any agreement to the contrary”. As such, the author and grantee cannot agree that the work will not be subject to termination or that the author will waive or otherwise forego his or her termination rights.

#### 3.4 Which types of copyright work have collective licensing bodies (please name the relevant bodies)?

Collective licensing in the United States is available for a variety of works. For example:

- Performance rights in musical compositions, through ASCAP, BMI and SESAC.
- Mechanical rights in musical compositions, through the Harry Fox Agency.
- Certain rights in motion pictures and other audio-visual works, through the Motion Picture Licensing Corporation and other agencies.
- Certain rights in text-based works, through the Copyright Clearance Center and other agencies.

There is also mandatory or compulsory licensing under the Copyright Act in a variety of areas, notably including:

- licences for making and distributing recordings of non-dramatic musical compositions (*i.e.*, “mechanical licences”);
- secondary transmissions of copyrighted works by cable providers;

- public performances of non-dramatic musical works and published pictorial, graphic, and sculptural works in the course of transmissions made by public broadcasting entities;
- satellite dish transmissions; and
- jukebox performances of non-dramatic musical compositions.

#### 3.5 Where there are collective licensing bodies, how are they regulated?

Most collective licensing agencies are self-regulated. ASCAP and BMI, however, entered into consent decrees with the U.S. Department of Justice in the 1940s arising out of antitrust allegations. Since that time, ASCAP and BMI have been subject to oversight by a United States District Court.

In the case of compulsory licences, the compulsory licence rates are set by a panel of Copyright Royalty Judges.

#### 3.6 On what grounds can licence terms offered by a collective licensing body be challenged?

With respect to the majority of the voluntary collective licensing bodies addressed in question 3.4 above, licence rates are subject to negotiation by the parties.

Challenges to a licence rate set by ASCAP and BMI may be brought in the United States District Court for the Southern District of New York on the basis that the rate is not reasonable, in that it does not reflect the fair market value of the licensed right.

Challenges to compulsory licence rate determinations by Copyright Royalty Judges (“CRJs”) may be brought in the United States Court of Appeals for the District of Columbia Circuit on the ground that the CRJs’ determination is arbitrary, capricious, an abuse of discretion, or otherwise not in accordance with law.

## 4 Owners’ Rights

#### 4.1 What acts involving a copyright work are capable of being restricted by the rights holder?

The copyright owner enjoys the following exclusive rights:

- to reproduce the copyrighted work in copies;
- to prepare derivative works based on the copyrighted work;
- to distribute copies of the work to the public;
- for literary, musical, dramatic, and choreographic works, pantomimes, and motion pictures and other audio-visual works, the right to perform the work publicly;
- for literary, musical, dramatic, and choreographic works, pantomimes, and pictorial, graphic, or sculptural works, to display the copyrighted work publicly;
- for sound recordings, to perform the copyrighted work publicly by means of digital audio transmission; and
- to control the importation into the U.S. of copies of the work.

#### 4.2 Are there any ancillary rights related to copyright, such as moral rights, and if so what do they protect, and can they be waived or assigned?

The Copyright Act prohibits any person from knowingly removing or falsifying “copyright management information” from a work with the intention of inducing, enabling, facilitating or concealing infringement. Copyright management information includes, among

other things, the copyright notice, the copyright owner's name, the work's title, and any other information used to identify the work or owner of the copyrighted work.

The Visual Artists Rights Act ("VARA") provides the following additional rights in the nature of moral rights to authors of "works of visual art":

- to claim authorship of the work;
- to prevent the use of the author's name on any work that has been distorted, mutilated, or modified in a way that would be prejudicial to the author's honour or reputation;
- the right to prevent distortion, mutilation, or modification of the work that would prejudice the author's honour or reputation; and
- if the work is of "recognized stature", to prohibit the intentional or grossly negligent destruction of the work.

Under VARA, "works of visual art" include paintings, drawings, prints, sculptures, and still photograph pictures produced for exhibition only and existing in single copies or in limited editions of 200 or fewer copies signed and numbered by the artist. However, the protections under VARA only apply to works created on or after December 1, 1990, or earlier-created works that remained under the original author's ownership as of December 1, 1990. Moreover, the rights only subsist for the life of the author, and do not extend to the author's heirs.

The Copyright Act does not provide for *droit de suite*. The State of California enacted a statute in 1977 providing for such rights, but the U.S. Court of Appeals for the Ninth Circuit (which oversees federal courts in California) recently held that the law is pre-empted by the Copyright Act to the extent it seeks to regulate sales occurring after January 1, 1978. Accordingly, the California law now only provides for *droit de suite* for sales of works for only a one-year period, namely from January 1, 1977 to December 31, 1977. While there have been proposals in Congress for a federal resale royalty right for authors, such proposals have not resulted in legislation.

#### **4.3 Are there circumstances in which a copyright owner is unable to restrain subsequent dealings in works which have been put on the market with his consent?**

Under the "first sale doctrine", as codified in the Copyright Act, the owner of a "lawfully made" copy of a copyrighted work may sell or otherwise dispose of that copy without the authority of the copyright owner.

## **5 Copyright Enforcement**

#### **5.1 Are there any statutory enforcement agencies and, if so, are they used by rights holders as an alternative to civil actions?**

Copyright owners can record their copyright registrations with the U.S. Customs and Border Protection Department to seek assistance in preventing the unlawful importation of infringing works into the U.S.

#### **5.2 Other than the copyright owner, can anyone else bring a claim for infringement of the copyright in a work?**

The owner of any exclusive right under copyright may sue for infringement. This includes exclusive licensees, including those who own some but not all of the rights conferred to authors under the Copyright Act.

In addition to the owners of exclusive rights, the Copyright Act permits "beneficial owners" of exclusive rights to sue for infringement. A beneficial owner is one who formerly owned exclusive rights in the work and parted with such rights but still owns a continuing interest in the work. The most common example of a beneficial owner is an author who transfers his or her rights in the work to another in exchange for a continuing royalty.

#### **5.3 Can an action be brought against 'secondary' infringers as well as primary infringers and, if so, on what basis can someone be liable for secondary infringement?**

A defendant can be secondarily liable as a contributory infringer if it (i) has knowledge of the direct infringer's infringing activity, and (ii) induces, causes or materially contributes to such infringing conduct.

A defendant can be vicariously liable for another infringer's direct infringement if it (i) profits from the infringement, and (ii) declines to exercise a right to stop or limit the infringement.

#### **5.4 Are there any general or specific exceptions which can be relied upon as a defence to a claim of infringement?**

There are many provisions of the Copyright Act that expressly exempt certain activities from infringement. These exemptions are too numerous to mention, but some notable examples include:

- rights of libraries and archives to reproduce copyrighted works;
- rights of non-profit educational institutions, religious organisations, governmental bodies and certain commercial establishments (including retail stores and food service or drinking establishments, subject to size and technical limitations) to perform or display copyrighted works;
- rights of the management of a hotel, apartment house, or similar establishment to make secondary transmissions of performances or displays of a work; and
- rights to perform copyrighted works and to reproduce for distribution copyrighted works in specialised formats exclusively for use by blind or other persons with disabilities.

In addition, the Copyright Act expressly provides for a "fair use" defence to copyright infringement for purposes such as criticism, comment, news reporting, teaching, scholarship, or research. In determining whether a given use is a fair use, courts consider and weigh the following non-exclusive list of factors:

- (1) the purpose and character of the use, including whether the use is of a commercial nature or is for non-profit educational purposes;
- (2) the nature of the copyrighted work;
- (3) the amount and substantiality of the portion used in relation to the copyrighted work as a whole; and
- (4) the effect of the use upon the potential market for or value of the copyrighted work.

#### **5.5 Are interim or permanent injunctions available?**

The Copyright Act permits a court to grant temporary and final injunctions on such terms as it may deem reasonable to prevent or restrain infringement of a copyright.

To obtain a preliminary injunction, a copyright infringement plaintiff must establish that:

- (1) it is likely to succeed on the merits;
- (2) it will suffer irreparable harm in the absence of preliminary relief;

- (3) the balance of equities tips in its favour; and
- (4) an injunction is in the public interest.

To obtain a permanent injunction, a copyright infringement plaintiff must demonstrate that:

- (1) it has suffered an irreparable injury;
- (2) remedies available at law are inadequate to compensate for that injury;
- (3) the balance of hardships tips in the plaintiff's favour; and
- (4) the public interest would not be disserved by a permanent injunction.

The Copyright Act also permits a court to order the impounding and disposition of infringing articles.

#### **5.6 On what basis are damages or an account of profits calculated?**

A successful plaintiff who registered the copyright in the infringed work before the infringement commenced may elect to recover either (i) its actual damages and the defendant's profits, or (ii) statutory damages. The election may be made any time before a final judgment is entered.

A copyright owner who did not obtain a registration before the infringement commenced will only be entitled to recover its actual damages and the defendant's profits.

With respect to actual damages, there are two basic measures:

- (i) the copyright owner's lost profits based on diverted sales; or
- (ii) the fair market value of the infringing use.

In addition to actual damages, the plaintiff may recover the defendant's profits attributable to the infringement that have not been taken into account in computing the plaintiff's actual damages. The Copyright Act provides for a two-step process to determine the infringer's profits:

- first, the plaintiff must present proof of the infringer's gross revenue; and
- second, the infringer must prove deductible expenses and the elements of profit attributable to factors other than the copyrighted work.

With respect to statutory damages, the amount of damages available to the plaintiff depends on a variety of factors, including, without limitation, the economic injury to the plaintiff, principles of deterrence, and the level of the defendant's culpability.

- The general rule is that a plaintiff is entitled to statutory damages in a sum of not less than US\$750 or more than US\$30,000 per work infringed.
- If the plaintiff proves that the defendant acted wilfully, the court may increase the award of statutory damages to a sum of not more than US\$150,000 per work infringed.
- If the infringer proves that the infringer was not aware and had no reason to believe that its acts constituted an infringement, the court may reduce the award of statutory damages to a sum of not less than US\$200 per work infringed.

#### **5.7 What are the typical costs of infringement proceedings and how long do they take?**

The costs of prosecuting an infringement claim vary widely from case to case depending on the nature of the works at issue and the number of works involved. Some cases can be resolved at early stages for less than US\$100,000; while other, more complex cases, can cost more than US\$1 million (and beyond) to bring to completion.

The length of time that it can take to litigate a copyright infringement case also varies widely based on the particular district court in which the case is brought, the scheduling requirements of the judge assigned to the case, and the complexity of the case. Some cases are resolved within nine to 12 months, while others take much longer to resolve. Motions for preliminary injunctions are usually decided within one month of filing.

#### **5.8 Is there a right of appeal from a first instance judgment and if so what are the grounds on which an appeal may be brought?**

Appeals from final judgments of district courts in copyright infringement cases may be brought to the United States Court of Appeals. The Court of Appeals reviews the district court's factual determinations for clear error and the district court's legal determinations *de novo*. The Court of Appeals reviews the scope of any injunction issued by the district court as well as the amount of any actual damages, infringer's profits, or statutory damages awarded by the district court for abuse of discretion.

#### **5.9 What is the period in which an action must be commenced?**

Claims under the Copyright Act must be brought within three years after the claim accrues. Under the separate-accrual rule, each time an infringing work is reproduced or distributed, the infringer commits a new wrong, which gives rise to a new statute of limitations. When a defendant commits successive violations, the statute of limitations runs separately from each violation.

## **6 Criminal Offences**

#### **6.1 Are there any criminal offences relating to copyright infringement?**

The Copyright Act provides for criminal liability in the following circumstances:

- wilful infringement for purposes of commercial advantage or private financial gain;
- wilful infringement by the reproduction or distribution during a six-month period of one or more copyrighted works having a total retail value of more than US\$1,000;
- wilful infringement by the distribution of a work being prepared for commercial distribution by making it available on a computer network accessible to members of the public;
- with fraudulent intent, placing on any article a false copyright notice;
- with fraudulent intent, publicly distributing or importing for public distribution any article bearing a false copyright notice;
- with fraudulent intent, removing or altering any copyright notice appearing on a copyrighted work; and
- knowingly making a false representation of a material fact in an application for copyright registration or in any written statement filed in connection with an application.

#### **6.2 What is the threshold for criminal liability and what are the potential sanctions?**

The sanctions available depend on the nature of the offence and the value of the infringing work. Such sanctions range from fines of up

to US\$2,500 to 10 years in prison. The criminal provisions of the Copyright Act and the U.S. Code also provide for the forfeiture and destruction of infringing copies as well as restitution to any victim of infringement.

## 7 Current Developments

### 7.1 Have there been, or are there anticipated, any significant legislative changes or case law developments?

**The Supreme Court Will Decide When the “Registration” Precondition to Sue for Infringement is Satisfied.** “Registration” of a copyright in a U.S. work is a precondition to filing suit for copyright infringement. Specifically, section 411(a) of the Copyright Act provides that “no civil action for infringement of [a] copyright in any United States work shall be instituted until . . . registration of the copyright claim has been made”. The question presented in *Fourth Estate Public Benefit Corp. v. Wall-Street.com, LLC*, S. Ct. No. 17-571, is whether “registration of [a] copyright” occurs when the copyright holder files an application for copyright registration with the U.S. Copyright Office (the “application approach”) or, alternatively, only once the Copyright Office acts on that application by either rejecting it or approving it (the “registration approach”). The U.S. Courts of Appeals are divided on this question. The Supreme Court will hear the case in the fall or winter of 2018 and issue its decision before June 2019.

**The Music Modernization Act Looks Poised for Passage.** The Music Modernization Act (“MMA”) is a complex piece of proposed legislation that is aimed toward “modernizing” the rules governing music licensing. One major piece of this legislation is that it would close the so-called “pre-1972” loophole. Currently, there is no federal copyright protection for sound recordings fixed

before February 15, 1972. Under the CLASSICS Act portion of the MMA, the bill enables the recording artists of these pre-1972 sound recordings to be paid royalties when their music is played on digital radio. The MMA unanimously passed the U.S. House of Representatives in April 2018 and then unanimously passed the U.S. Senate Judiciary Committee in late June 2018, which clears the way for a full U.S. Senate vote in the coming months.

### 7.2 Are there any particularly noteworthy issues around the application and enforcement of copyright in relation to digital content (for example, when a work is deemed to be made available to the public online, hyperlinking, etc.)?

Yes. In *Goldman v. Breitbart News Network, LLC et al.*, 302 F. Supp. 3d 585 (S.D.N.Y. Feb. 15, 2018), a New York District Court recently held that online news outlets that “embed” tweets containing unauthorised copyrighted image in articles violate the copyright holder’s exclusive “display” right, even if the image at issue is actually hosted on a server owned by an unrelated third party (*i.e.*, Twitter). In reaching this holding, the Court rejected the so-called “server test” which held that infringement of a copyright owner’s “display” right depends in large part on where the image was actually hosted. The New York court’s decision has drawn considerable attention because it changes potential liability for online publishers who, prior to this decision, believed that embedding Tweets with photographic images was not infringement so long as they did not actually download or store the image on their servers. Given the importance of the question presented, the New York court certified its decision for interlocutory (*i.e.*, before final judgment) review by the U.S. Court of Appeals for the Second Circuit, but in July 2018 the Second Circuit declined to accept the interlocutory appeal. The case now returns to the New York court to examine the defendants’ various defences, including fair use.



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David is a frequent speaker on intellectual property issues, and has presented on a wide range of copyright-related topics, including, for example, Calculating Damages in Copyright Infringement Actions, Statutory Termination of Copyright Grants in the Music Industry, and Testing the Limits of the Safe Harbor: Recent Developments under the Digital Millennium Copyright Act.

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