10 SPAIN'S APPROACHES TO THE ANGLO-AMERICAN FAIR USE DOCTRINE: DO WE NEED TO REFORM THE EUROPEAN SYSTEM OF COPYRIGHT LIMITATIONS AND EXCEPTIONS?

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ABSTRACT

Interpretation of copyright limitations and exceptions is restrictive under the EU law system. Likewise, it is restrictive in Spain. Nevertheless, several Member States' decisions concerning online infringements have been ruled to be sheltering the use of a copyrighted work—without the owner's authorization—by limitations other than those referred to by statute. Hence, a flexible interpretation of limitations has been to the detriment of the present European copyright legal system.

Keywords*: copyright, limitations and exceptions, Spain, EU Directives, fair use doctrine, three-step test, Google.*

I. INTRODUCTION

At present, search engines have become 'essential' tools. In search engines, users have an excellent ally in finding any kind of information on broad or particular topics and in looking at images on a specific topic.[1] These create regular situations in which right holders see their protected work online without their authorization. Hence, exclusive rights may be infringed unless this use, done by the search engine, is subject to a limitation or exception in the statute.

National laws create a copyright legal system of limitations and exceptions. Indeed, most of these legal systems are directly influenced by international standards, in particular, the 1967 Berne Convention[2], the TRIPS Agreement in 1994[3], the WIPO Copyright Treaty (WCT) in 1996, the WIPO Performances and Phonograms Treaty (WPPT) in 1996[4], the Beijing Treaty on Audiovisual Performances (BTAP) in 2012[5], and finally, the most recent, the Marrakesh Treaty to Facilitate Access to Published Works for Persons who are Blind, Visually Impaired, or Otherwise Print Disabled, in 2013.[6]

Furthermore, at a regional level member States of the European Union are bound by the 2001/29/EC Directive on the harmonization of certain aspects of copyright and related rights in the information society (InfoSoc Directive, hereinafter).[7]

Indeed, across the world, different systems of limits must coexist. On one hand, there might exist a closed system, based on a fixed list of limitations and exceptions created by statute, for which interpretation is restricted and the 'Three-step Test' rule is adopted as a hermeneutical criterion of these limits. For instance, Spain and most of the Continental European countries have adopted this standard rule bound by the InfoSoc Directive. On the other hand, several countries have chosen an open system of limitations and exceptions based on their judicial interpretation: the clearest example of this model is the United States of America with its 'fair use doctrine'.

Taking into account this entirely different approach (open/narrow system of limitations/exceptions), several Member State court decisions on search engine copyright infringement are allowing, at present, the unauthorized use of a copyrighted work on grounds other than those referred to in Member State statutes. Spanish, German and French national courts are leading these decisions. To that end, an important question is whether a reconsideration of the foundations of the continental system of limitations and exceptions is necessary in order to increase flexibility. That is, are courts' decisions leading an approach from the narrow (European/Spanish) system to an (Anglo-American)

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[1] According to the Oxford dictionary definition, a search engine is 'a program that searches for and identifies items in a database that correspond to keywords or characters specified by the user, used especially for finding particular sites on the Internet'. Oxford Dictionary: <www.oxforddictionaries.com/definition/english/search-engine> accessed 18 October 2013. Google, Yahoo! or Bing are known examples of these tools. Nevertheless, in this paper, it should also be borne in mind that, for instance, most websites nowadays have a small box to facilitate users finding information inside their site or to redirect them to another page of results, such as eBay, which also has a box-tool-engine to find products, newspapers to find old news etc.

[2] <http://www.wipo.int/treaties/en/ip/berne/trtdocs_wo001.html> accessed 18 October 2013.

[3] <http://www.wto.org/english/docs_e/legal_e/27-trips_01_e.htm> accessed 18 October 2013.

[4] <http://www.wipo.int/treaties/en/text.jsp?file_id=295166>;<http://www.wipo.int/treaties/en/text.jsp?file_id=295578> both accessed 18 October 2013.

[5] <http://www.wipo.int/treaties/en/ip/beijing/> accessed 18 October 2013.

[6] <http://www.wipo.int/meetings/en/doc_details.jsp?doc_id=241683> accessed 18 October 2013.

[7] <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2001:167:0010:0019:EN:PDF> accessed 18 October 2013.

open system? If so, in my opinion, Article 5.5 of the InfoSoc Directive should be 'modified.'

II. SPANISH COPYRIGHT LEGAL SYSTEM OF LIMITATIONS AND EXCEPTIONS

Spanish Copyright Law is currently governed by a consolidated Text of the Intellectual Property Law (hereinafter, TRLPI), which was approved by Royal Legislative Decree No. 1/1996, of 12 April 1996, amended several times, and recognizes moral and economic rights to authors over their work.[8]

Chapter II of the TRLPI, entitled 'limits', encompasses Articles 31 to 40*bis*. This chapter deals with limitations and exceptions on exclusive rights of the author/right holder[9], most of which were the result of a *de minimis* implementation of the InfoSoc Directive. According to these limits, a copyrighted work could be used by anyone, without a right holder´s authorization, due to constitutional principles[10] that prevail over the owner´s protected work.

Nevertheless, the use of a copyrighted work granted under any of the former *ex legem limitations* cannot be understood as a full licence insofar as it may not hold up under Article 40*bis* of the TRLPI. In short, Spanish legal doctrine states: 'this article represents a limit to limits.'[11] Likewise, in regard to the 'Three-Step Test' rule, international scholars affirmed that 'the test is often portrayed as imposing a "limit to limitations".' This is indeed what the language suggests.'[12]

Indeed, Article 40*bis* of the TRLPI declares that: '[S]ections of this chapter shall not be interpreted in such a way as to allow its application to cause an unjustified prejudice to the author´s legitimate interests or be contrary to the normal exploitation of the works'. This section accommodates the international renowned 'Three-Step Test' rule.

III. THE ROLE OF THE 'THREE-STEP TEST'

The origin of this rule is, as mentioned above, international. In 1967, during the Stockholm revision conference[13], the 'Three-Step Test' was envisioned in the Berne Convention in Article 9.2. This Article, referring only to the right of reproduction, stated that:

> It shall be a matter for legislation in the countries of the Union to permit the reproduction of such works in certain special cases, provided that such reproduction does not conflict with a normal exploitation of the work and does not unreasonably prejudice the legitimate interests of the author.

Henceforth, the test was incorporated into different international agreements, all to which Spain was a contracting party. In 1994, Article 13 of the TRIPS Agreement extended the test to all exceptions and limitations of economic rights under copyright. In 1996, a similar approach known as Copyright Treaties was followed in Article 10 of the WCT and Article 16 of the WPPT, respectively. In both WIPO Treaties, the 'Three-Step Test' was extended to all exceptions and limitations. More than a decade later, in Article 13, the Beijing Treaty on Audiovisual Performances adopted in Article 13 a *copy* of Article 16 of the WPPT. Finally, Article 11 and 12 of the Marrakesh Treaty directly refer to the Berne Convention and WCT Treaty.

At the regional level, this rule was eventually included in the European Union in several Directives in the nineties of the past century. However, the InfoSoc Directive sets forth the international 'Three-Step Test' in Article 5.5, which declares:

> The exceptions and limitations provided for in paragraphs 1, 2, 3 and 4 shall only

[8] <http://www.wipo.int/wipolex/en/text.jsp?file_id=244508> accessed 18 October 2013.

[9] These limits refer to different exploitation rights within the Spanish legal system: i.e. right of reproduction, right of distribution, communication to the public, and right of transformation. Each of these exclusive rights has a number of limitations or exceptions related to discrete uses, for example: temporary copies (Section 31.1 TRLPI); public security and official use (Section 31 bis (1)); use by disabled persons (Section 31 bis (2)); quotation (32.1 TRLPI); illustration for teaching (Section 32.2); information and reporting on current events (Section 33.2 TRLPI); limitations for databases (Section 34 TRLPI), works located in public places (35.2 TRLPI); limitations in favour of libraries and educational institutions (Section 37 TRLPI); broadcast-related purposes (Section 36 TRLPI); uses on official and religious ceremonies (38 TRLPI); and parody (Section 39 TRPLI).

[10] Such as the right to education, the right to have access to culture, the right of information or freedom of expression etc.

[11] M Sol Muntañola, (Mod.) J Marin Lopez, JC Erdozin, A González, 'Copyright y derecho de autor: ¿convergencia internacional en un mundo digital? Mesa redonda: El test de las tres etapas y la comunicación pública' (FUOC, 2005) 31 <http://www.uoc.edu/idp/1/dt/esp/mesaredonda01.pdf> accessed 18 October 2013; R. Bercovitz Rodriguez-Cano et al., *Manual de Propiedad Intelectual* (Tirant Lo Blanc, Valencia, 2009) 102.

[12] PB Hugenholtz and R Okedijii, 'Conceiving an International Instrument on Limitations and Exceptions to Copyright' (Final Report, 6 March 2008) 18 <http://www.ivir.nl/publications/hugenholtz/limitations_exceptions_copyright.pdf> accessed 18 October 2013.

[13] Indeed, it was recognized before with regards to the 'doctrine of minor reservations' in the Final Report of the Brussels Conference of 1948 of the Berne Convention.

> be applied in certain special cases which do not conflict with a normal exploitation of the work or other subject-matter and do not unreasonably prejudice the legitimate interests of the right holder.

European policymakers specified an exhaustive list[14] of limitations and exceptions in Article 5 of the InfoSoc Directive. This 'legislative technique' favoured, at the time of implementing the InfoSoc Directive into national law, certain degrees of harmonization between EU Member States' national laws by preventing national legislators from introducing more limits—or creating other limits—than those referred to on the list. However, the unique mandatory limit listed in Article 5 to be implemented by national laws was an (Internet) temporary reproductions exception (Article 5, Paragraph 1), whereas the reminder limits were elective, including the relevant 'Three-Step Test.'

Notwithstanding, the imperative implementation of the 'famous' rule caused no objection in Spain because (1) such a rule was already implemented in 1993 as part of the Directive on computer programs; and (2) the 1996 Database Directive modified the 'Three-Step Test' under Article 40*bis* of the TRLPI to make it what it is today.

A. THREE-STEP TEST' INTERPRETATION: A TRUE HEADACHE

A great number of scholars have written about the interpretative meaning of this test/rule. Some of them believe a restrictive interpretation prevails, as does former Deputy Director General of WIPO, Dr Mihály J. Ficsor.[15] Other scholars have pointed out a flexible interpretation of this rule.[16] For instance, a leading European think-tank has reached several interesting conclusions during the last few years, including the so-called 'Munich Declaration', formally 'A Balanced Interpretation of the "Three-Step Test" in Copyright Law'[17], adopted in July 2008, and the 'European Copyright Code' adopted in April 2010, particularly its fifth chapter.[18]

Despite the aforementioned doctrinal views and having already stated this test/rule as 'the cornerstone for almost all exceptions to all intellectual property rights at the international level'[19], no authoritative interpretation has ever been declared.[20]

On the other hand, the jurisprudence of European member States' courts is not silent on this test/rule´s interpretation, as explained below, due to the allowance of unauthorized use of a protected work without statutory limitation. As Max Planck Institute for Intellectual Property and Competition Law Director, Reto Hilty, summarizes: 'it has become an interpretational tool for judges in order to apply exceptions and limitations, something like a pro-right holder filter. Although, and to the contrary, some see in this test an abstract, fair use ruling'.[21]

Hence, there is a problem!

B. A RESTRICTIVE INTERPRETATION OF THE TEST/RULE

Authors' opinions about a restrictive interpretation of the 'Three-Step Test' are mainly based on

[14] Recital 32 InfoSoc Directive: 'This Directive provides for an exhaustive enumeration of exceptions and limitations to the reproduction right and the right of communication to the public. Some exceptions or limitations only apply to the reproduction right, where appropriate. This list takes due account of the different legal traditions in Member States, while, at the same time, aiming to ensure a functioning internal market. Member States should arrive at a coherent application of these exceptions and limitations, which will be assessed when reviewing implementing legislation in the future'.

[15] A list of representative scholars could be C Masouyé, *Guía del Convenio de Berna* (WIPO Geneve 1978) 64-67, M Ficsor, *The Law of Copyright and the Internet, the 1996 WIPO Treaties, their Interpretation and Implementation* (Oxford University Press Oxford 2002) paragraph C 10.07; J Reinbothe and S Von Lewinski, *The WIPO Treaties of 1996* (Butterworths, London 2002) 132; JC Erdozain, *Derechos de autor y propiedad intelectual en Internet* (Tecnos, 2002) 137; A Lucas, 'Le test en trois étapes et sa signification dans la Directive de 2001 sur la société de l´information' (2011) Pe.i. revista de propiedad intelectual, 52.

[16] C Geiger, 'The Role of the Three-Step Test in the Adaptation of Copyright Law to the Information Society', (2007) Unesco e-Copyright Bulletin; C Geiger, J Griffiths and R Hilty, 'Towards a Balanced Interpretation of the "Three-Step Test" in Copyright Law' (2008), European Intellectual Property Review, 489-496; C Geiger, 'Flexibilizing Copyright – Remedies to the Privatizations of Information by Copyright Law' International Review of Intellectual Property and Competition Law, (2008) 178-197; M Seftleben, 'The International Three-Step Test: A Model Provision for EC Fair use Legislation', (2010) 1 JIPITEC 5; P B Hugenholtz and M Senftleben, 'Fair Use in Europe. In Search of Flexibilities' (2011), IVIR. Amsterdam; XIOL RIOS, JA 'La regla de los tres pasos en la jurisprudencia española' in O O'Callaghan, (Coord.), *Los derechos de propiedad intelectual en la obra audiovisual* (Dikinson Madrid 2011) pp. 382–388; M Senftleben, 'Comparative Approaches to Fair Use: An Important Impulse for Reforms in EU Copyright Law', GB Dinwoodie (ed.), 'Methods and Perspectives in Intellectual Property' (Cheltenham, UK/Northampton, MA, Edward Elgar, 2014, Forthcoming).
Available at SSRN: <http://ssrn.com/abstract=2241284>

[17] <http://www.ip.mpg.de/files/pdf2/declaration_three_step_test_final_english1.pdf> accessed 18 October 2013.

[18] <http://www.copyrightcode.eu/Wittem_European_copyright_code_21%20april%202010.pdf> accessed 18 October 2013.

[19] DJ Gervais, 'Towards a New Core International Copyright Norm: The Reverse Three-Step Test' 9 Intellectual Property L. Rev. 1 (2005), 13, available at:
<http://scholarship.law.marquette.edu/iplr/vol9/iss1/1/>
accessed 18 October 2013.

[20] S Ricketson and J Ginsburg, *International Copyright and Neighboring Rights: the Berne Convention and Beyond* (Oxford University Press 2006), 1152.

[21] R Hilty and S Nerisson, (eds.), 'Balancing Copyright – A Survey of National Approaches' (Berlin/Heidelberg, Springer Verlag, 2012), 24.

historical (negotiation) policymakers' background process.

The Brussels Conference of 1948 of the Berne Convention referred to a 'restrictive character of the limits' when the so-called 'minor reservations doctrine' was recognized. Furthermore, at the 1967 Stockholm Diplomatic Conference, it was announced:

> If it is considered that reproduction conflicts with the normal exploitation of the work, reproduction is not permitted at all. If it is considered that reproduction does not conflict with the normal exploitation of the work, the next step would be to consider whether it does not unreasonably prejudice the legitimate interests of the author. Only if such is not the case would it be possible in certain special cases to introduce a compulsory licence or to provide for use without payment.[22]

As well, the 'Three-Step Test' restrictive interpretation is based on Article 10(2) of the WTC, which states '[w]hen applying the Berne Convention, the Contracting Parties shall confine any limitations or exceptions ...'. Recently, as mentioned above, both treaties confirmed these provisions, which supports strong arguments to these scholars that policymakers could have, at present, relied upon a liberal interpretation of the Three-Step Test, while 'continu[ing the] adequacy of the test'.[23]

According to this doctrinal position, the interpretation of the criteria in the 'Three-Step Test' must be carried out in a restrictive manner, that is, each step must be applied step by step. An exception or limitation will not be applicable if it does not fulfil the first condition of the rule. Once the first condition has been fulfilled, then the exception or limitation must be analysed in the context of the second condition. Again, until this condition is fulfilled, the use is not allowed. Finally, the limitation and exception in question would only be applicable if it also satisfies the third condition.

At the regional level, InfoSoc Directive declares in recital 44:

> When applying the exceptions and limitations provided for in this Directive, they should be exercised in accordance with international obligations. Such exceptions and limitations may not be applied in a way which prejudices the legitimate interests of the rightholder or which conflicts with the normal exploitation of his work or other subject-matter. The provision of such exceptions or limitations by Member States should, in particular, duly reflect the increased economic impact that such exceptions or limitations may have in the context of the new electronic environment. Therefore, the scope of certain exceptions or limitations may have to be even more limited when it comes to certain new uses of copyright works and other subject-matter.

Therefore, limitations and exceptions on the InfoSoc Directive should be interpreted as International Treaties above-mentioned.

On the other hand, this narrow opinion is supported by relevant court decisions. At an international level, two WTO panels' resolutions in 2000 applied and interpreted the 'Three-Step Test' in this restrictive manner.[24] The Copyright WTO settlement analysed, *inter alia,* Article 13 of the TRIPS Agreement in a dispute between the United States and the European Communities before the Court of Arbitration of the WTO. This Court stated that 'the three conditions apply on a cumulative basis, each being a separate and independent requirement that must be satisfied'.

This Panel Report decision, *mutatis mutandis*, could—or should—be applicable to criteria set in Article 9(2) of the Berne Convention, mainly, by its likeness. Notwithstanding, some scholars have criticized this Panel Settlement, arguing that it should not have just taken economical and quantitative approaches into account, it should have also taken social and qualitative element approaches into account.[25]

[22] Records of the Intellectual Property Conference of Stockholm, 11-14 June 1967, (WIPO, 1971) pp. 1145-1146.

[23] M Ficsor, Short paper on the Three-Step Test for the Application of Exceptions and Limitations in the Field of Copyright. (19 November 2012), available at: <http://www.copyrightseesaw.net/archive/?sw_10_item=28> M Ficsor, Commentary on the Marrakesh Treaty on Accessible Format Copies for the Visually Impaired (2013), pp. 49-57 <http://www.copyrightseesaw.net/archive/?sw_10_page=1&sw_10_item=51> accessed 18 October 2013.

[24] These cases are WT/DS114/R (17 March 2000) on Patents and WT/DS160/R (15 June 2000) on Copyright. Avaliable at: <http://www.wto.org/english/tratop_e/dispu_e/7428d.pdf> and <http://www.wto.org/english/tratop_e/dispu_e/1234da.pdf> accessed 18 October 2013.

[25] M Senftleben, 'Copyright, Limitations and the Three-Step Test: an Analysis of the Three-Step Test' in *International and EC Copyright Law* (Kluwer Law International, 2004) 140; S Rickeson, *The Berne*

The Court of Justice of the European Union (CJEU), in re 'Infopaq decision' [Judgment of the Court (Fourth Chamber) of 16 July 2009][26] adopted this line in paragraph 56:

> For the interpretation of each of those conditions in turn, it should be borne in mind that, according to settled case-law, the provisions of a directive which derogate from a general principle established by that directive must be interpreted strictly (Case C-476/01 Kapper [2004] ECR I-5205, paragraph 72, and Case C‑36/05 *Commission v. Spain* [2006] ECR I‑10313, paragraph 31).

Finally, some of Member States' court decisions on online search engines infringements have also stressed this restrictive interpretation of the statutory limitations. For instance, the Belgium *Copiepresse v. Google* case declared 'the exceptions and limitations [to the exclusive rights] must be restrictively interpreted and be expressly provided' and 'since the reproduction right is exclusive, any exception can only be restrictively interpreted'.[27]

However, as aforementioned, this restrictive interpretation´s view of the 'Three-Step Test' at the end of the day is not peaceful, since there is a strong European academic movement advocating a liberal interpretation and, furthermore, few recent National Court decisions are held on this sense.

This renowned group of scholars published the 'Munich Declaration'. The core objective of 'A Balanced Interpretation of the "Three-Step Test" in Copyright Law' is to not unduly restrict national limitations and exceptions. Moreover, these academics believe new limitations and exceptions are to be introduced provided that they are properly balanced. To that end, signatory scholars support extending the content of these limitations and to create new limitations to exclusive rights. On the other hand, the main purpose of the 'European Copyright Code,' written in 2010, is to serve as a model or reference tool for future law harmonization. Nevertheless, voices against this 'Munich Declaration' have been raised.[28] National courts are granting the use of copyrighted works without right holders' authorization under no statutory limits.

C. JUDICIAL REFORMIST INTERPRETATION OF THE 'THREE STEP TEST'

Search engines provide users with information-queried content—such as pictures and images, links to newspapers, websites, etc., all of which have previously been crawled and stored in its server. This content is normally shown, at first, by a 'cache copy' from its original. A few seconds later, the original page is provided to users. This automatic process performed by search engines is to accelerate information shown to users, regardless of whether the search engine has the right to reproduce the information. Thus, ownership may be infringed unless a legal limitation, fixed in statute, endorses this use.

(a) French and German National Court decisions on search engines' online infringements grant use of a copyrighted work without the right holder´s authorization and no statutory limit.

Member State courts have dealt with Google thumbnail images and cached copies on page-results.[29] Most of these are used without the right holder's authorization. Assuming these thumbnail and cached copies are not enshrined by any limitations and exemptions, that is, neither temporary copy limitations of Article 5.1 InfoSoc Directive, nor safe harbour 'proxy caching' protection of Article 13 e-commerce Directive[30] (or Member States' implemented Laws), different national case-law has been ruled justifying this use without statutory limitation/exception.

Convention for the Protection of Literary and Artistic Works: 1886-1986 (Kluwer, 1987), pp. 482-3.

[26] <http://curia.europa.eu/juris/document/document.jsf?text=&docid=72482&pageIndex=0&doclang=EN&mode=lst&dir=&occ=first&part=1&cid=504474> accessed 18 October 2013.

[27] '*Copiepresse SCRL v. Google Inc.*', Tribunal de Première Instance de Bruxelles, 13 February 2007; confirmed by Cour d'Appel de Bruxelles (9ème Ch.), 5 May 2011.

[28] A Lucas and P Cámara Águila, 'Por una interpretación razonable de la regla de los tres pasos, o por qué hay que evitar la imprecisión: estudio sobre la 'declaración por una interpretación equilibrada de la regla de los tres pasos en derecho de autor' (2009) 33 Pe. i. revista de propiedad intelectual, 22; MJ Ficsor, 'Munich Declaration on the Three-Step Test – Respectable Objective; Wrong Way to Try to Achieve It' (2012-05-11) <http://www.copyrightseesaw.net/archive/?sw_10_page=2&sw_10_item=15> accessed 18 October 2013.

[29] M Peguera Poch, 'Copyright Issues Regarding Google Images and Google Cache' in A Lopez-Tarruella Martinez (Coord.) *Google and the Law -Empirical Approaches to Legal Aspects of Knowledge-Economy Business Models* (TCM Asser –Springer 2012) 1692- 202; R. Xalabarder , 'Google News and Copyright' in A Lopez-Tarruella Martinez (Coord.) Google and the Law -Empirical Approaches to Legal Aspects of Knowledge- Economy Business Models (TCM Asser –Springer 2012) 146-151.

[30] Directive 2000/31/EC of the European Parliament and of the Council of 8 June 2000 on certain legal aspects of information society services, in particular electronic commerce, in the Internal Market ('Directive on electronic commerce'), Official Journal L 178 , 17/07/2000 P. 0001 – 0016.
Available at: <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:32000L0031:En:HTML> accessed 18 October 2013.

In France, several resolutions lead this narrow interpretation, namely *Saif v. Google*'[31] and *H & K v. Google*. In 2011, the Court of Appeals in *Saif v. Google* exonerated search engine companies from liability for copyright infringement. The court understood that the indexing process was automatic; hence Google had a passive attitude—with no human intervention—over reproduced copyrighted work.[32] Furthermore, the use of thumbnails was understood as necessary for the process of Google Imaging page-results. Therefore, this use responds to the 'necessary functionality' of the search engine for public benefit.

In *H & K v. Google*[33], the Court upheld the ruling that thumbnail images were not infringing owners' copyright due to Google's passive—automatic/neutral—role in the search process. Nevertheless, Google was found guilty for not expeditiously removing these thumbnails once a 'takedown notice' of copyright infringement was received. Thumbnails appeared on page-results for a short period of time after the takedown notice.

In Germany, the Federal Supreme Court of Justice held that thumbnail images displayed on Google´s page-results did not infringe an owner´s copyright.

In 2010, in re 'Vorschaubilder I'[34], the Federal Court concluded that there was no infringement of an owner´s copyright due to the implied licence (*volenti non fit iniuria*) theory. The claimant implicitly consented to this indexation by rejecting to use any technical impediment or to opt out of Google's crawler. On this ground, the Court defended the claimant´s abuse of right and infringement of contractual bona fide. One year later, in re 'Vorschaubilder II'[35] the aforementioned resolution was confirmed: 'an implied consent by the copyright owner has to be assumed once copyright protected images are published on the Internet with the copyright owner's permission and that this consent also extends to images that were not posted on the Internet by the copyright owner or with his permission by a third party.'[36]

To sum up, both countries have started to enshrine unauthorized uses of copyrighted works on grounds other than fixed statutory limitations, that is sheltering an activity for reasons other than those referred to in its own law. At the end of the day, a user´s freedom of navigation and access to information should prevail whenever the intermediaries' activity is technical, automatic passive, and in good faith.

IV. OPEN SYSTEM OF LIMITS: FAIR USE DOCTRINE

Fair use doctrine is a perfect illustration of an 'open' system of limitations. The US system of limitations on exclusive rights is codified under Section 107 of the US Copyright Act in 1976.[37] This section is divided into three parts: (1) a preamble, which declares that 'fair use' of a protected work does not constitute an infringement of copyright; (2) a list of six illustrative examples qualified under 'fair use', such as 'criticism, comment, news reporting, teaching (including multiple copies for classroom use), scholarship, or research'; and (3) four factors to be considered by judges to determine whether the use made of a protected work in any particular case is a fair use: the purpose and character of the use, including whether such use is of a commercial nature or is for non-profit educational purposes; the nature of the copyrighted work; the amount and substantiality of the portion used in relation to the copyrighted work as a whole; and the effect of the use upon the potential market for or value of the copyrighted work.

One must bear in mind that US courts have been developing the fair use doctrine since it was first

[31] *'Société des Auteurs des arts visuels et de l' image fixe (SAIF) v. Google France and Google Inc*', Tribunal de Grande Instance de Paris, 20 May 2008 confirmed by the Cour d'Appel de Paris, 26 January2011 <www.juriscom.net/documents/caparis20110126.pdf> accessed 18 October 2013.

[32] This neutral role opinion was encouraged by the ECJ Judgment of 23 March 2010, C-236/08 to C-238/08, *Google France and Google Inc. et al. v. Louis Vuitton Malletier et al*. which paragraph 114 stated that: '[…] in order to establish whether the liability of a referencing service provider may be limited under Article 14 of Directive 2000/31, it is necessary to examine whether the role played by that service provider is neutral, in the sense that its conduct is merely technical, automatic and passive, pointing to a lack of knowledge or control of the data which it stores'. Available at: <http://curia.europa.eu/juris/document/document.jsf?text=&docid=83961&pageIndex=0&doclang=EN&mode=lst&dir=&occ=first&part=1&cid=209721> accessed 18 October 2013.

[33] Tribunal de Grande Instance de Paris 3ème Chambre, 2ème section, Judgement of October 2009, 'H & K, André R. c. Google'', <http://www.legalis.net/spip.php?page=jurisprudencedecision&id_article=2776> accessed 18 October 2013.

[34] Bundesgerichtshof (BGH) (German Federal Supreme Court) 29 April 2010, I ZR 69/08 (Vorschaubilder).

[35] Bundesgerichtshof, I ZR 140/10 of 19 October 2011 - Vorschaubilder II.

[36] Birgit Clark, 'Google Image Search Still Does Not Infringe Copyright, Reaffirms Bundesgerichtshof' (2012) Journal of Intellectual Property Law and Practice <http://jiplp.oxfordjournals.org/content/early/2012/10/09/jiplp.jps141.full.pdf> accessed 17 October 2013; M Liestetner, 'The German Federal Supreme Court´s Judgment on Google´s Image Search –A Topical Example of the 'Limitations' of the European Approach to Exceptions and Limitations' (2011) International Review of Intellectual Property and Competition Law.

[37] <http://www.copyright.gov/title17/92chap1.html#107>accessed 18 October 2013.

pointed out in *Gray v. Russell*[38] in 1839 and two years later in *Folsom v. Marsh*.[39] Nevertheless, the term 'fair use' was not coined until 1869.[40] At present, these four 'fair use' factors dominate courts decisions[41], meaning there is well-established case law on this issue.

A. Relevant Anglo-American Court decisions on online infringement on search engines

Although the fair use doctrine was created in the 19th century, US courts have applied this 'old' doctrine to 'new' issues on online copyright infringements, such as thumbnail images in Internet search results or caching of web pages by a search engine. *Kelly v. Arriba Soft*[42], *Perfect 10 v. Google* (a.k.a. *Perfect 10 v. Amazon*)[43] and *Field v. Google*[44] are examples of court resolutions in which search engines were found not liable for copyright, though no authorization was given by ownership of protected work.

Likewise, courts have pointed out that, when adjudicating fair use issues, other factors could be considered beyond the four statutory ones. For instance, in *Field v. Google*, the Court found it significant that Google had acted in good faith and granted summary judgment to Google on implied licence, estoppel, and fair use. In *Perfect 10*, the Ninth Circuit stated:

> Even assuming such automatic copying could constitute direct infringement, it is a fair use in this context. The copyright function performed automatically by a user's computer to assist in accessing the Internet is a transformative use. Moreover, as noted by the district court, a cache copies no more than is necessary to assist the user in Internet use. It is designed to enhance an individual's computer use, not to supersede the copyright holders' exploitation of their works. Such automatic background copying has no more than a minimal effect on Perfect 10's rights, but a considerable public benefit.

V. SPANISH SUPREME COURT DECISION 3 APRIL 2012

Spain has not been immune to present controversy by ruling a decision enshrining the use of a copyrighted work, without the owner´s authorization, by general principles of law—mainly, *ius usus inoqui* doctrine, bona fide and non-abuse of rights—in detriment of those fixed limitations on copyright law. Therefore, the highest court decision has increased flexibility in the application of copyright law.[45]

The controversy started in 2006 when the owner of www.megakini.com sued Google due to unauthorized reproduction and making available of contents on his page in Google-results, as well as a cached copy in his server. The plaintiff claimed 2,000 euros in damages and an injunction to prevent Google Spain from further operating its service worldwide. During the trial, both parties reached an agreement that cached copies were exempted under the temporary copies limitation of Article 31.1 of the TRLPI (ex Article 5.1 EUCD).

The lower court decision on 30 March 2007 (Juzgado de lo Mercantil nº 5 of Barcelone) and the appeals court decision on 17 September 2008 (*Audiencia Provincial* of Barcelone, 15th section) dismissed Megakini´s claim on different grounds. The lower court rejected the claimant´s argument on the basis of Article 31 of the TRLPI (temporary reproductions limit) with regard to Article 7.1 of the Civil Code (bona fide exercise rights and 'no abuse' of them). Furthermore, the Court found applicable Articles 15 and 17 LSSICE ('proxy caching' and 'search engine & link' safe harbours respectively). In this sense, the lower court stated:

> Defendant´s use of a small part of plaintiff website´s content, under temporary and incidental reproduction of its works and respecting its integrity and ownership, did not infringe any copyright. Besides, Google´s use of protected works was [for] 'social purposes' [because] any site disclosed

[38] *Gray v. Russell*, 10 F. Cas. 1035, 1038 (No. 5,728) (C.C.D. Mass. 1839).
[39] *Folsom v. Marsh* 9 F. Cas. 342, 345 (No. 4,901) (C.C.D. Mass. 1841).
[40] *Lawrence v. Dana* 15 Fed. Cas. 26 [1869].
[41] *Campbell v. Acuff-Rose Music*, 510 U.S. 569, 576 (1994); B Beebe, 'An Empirical Study of US Copyright Fair Use Opinions, 1978-2005' (2008) 156 Pennsylvania Law Review 549; available at: <http://www.bartonbeebe.com/> accessed 18 October 2013.
[42] 336 F.3d 811, 815-16 (9th Cir. 2003).
[43] 508 F.3d 1146, 1163-68 (9th Cir. 2007).
[44] 412 F.Supp. 2d 1106, 1117-23 (D. Nev. 2006).
[45] F Palau Ramírez, 'Reflexiones sobre los conflictos relativos a la explotación de derechos de propiedad intelectual y la responsabilidad de los motores de búsqueda en Internet', JM Martin Osante et al. (coord.) *Orientaciones actuales del Derecho Mercantil. IV Foro de Magistrados y Profesores de Derecho Mercantil* (Marcial Pons 2013) 63. Available at:<http://papers.ssrn.com/sol3/papers.cfm?abstract_id=2274205> accessed 18 October 2013; PA De Miguel Asensio, *Derecho Privado de Internet* (4th edn, Civitas); J Plaza Penadés, 'La aparente inocuidad del caso Google' (2012) 30 Revista Aranzadi de derecho y nuevas tecnologías, 13-17.

over Internet is to be reached by anyone.

On appeal, the appeals court reached the same conclusion on different grounds. It found both the safe harbours and temporary copy limit not applicable. Instead, the court pointed out that Article 40*bis* of the TRPLI, which sets up the 'Three-Step Test' rule, leads to an interpretation of the statutory limitations in both a positive and negative way. At this point, the appeals court compared this test/rule to the Anglo-American 'fair use' doctrine. Finally, the court concluded that Google´s use was 'socially tolerated' since the applicant's right is limited like any other property right. In other words, these rights are not deemed absolute. Therefore, normal exploitation of a protected work must be accepted since this use was not detrimental (*ius usus inocui* doctrine) to the claimant´s interests. Indeed, the claimant´s petition—injunction to prevent Google´s search engine worldwide—was qualified as an abusive exercise of rights.

Megakini went before the Supreme Court because it violated the Spanish legal system by applying foreign 'fair use doctrine' and because it created a new ad hoc limitation forbidden by the current Spanish legal system.

The Supreme Court settled the dispute, reasoning that Megakini had not altered any legal system. Indeed, the Supreme Court declared that the fair use doctrine encompasses the '*ius usus inocui* doctrine,' which is a ´general principle of law´ perfectly valid in Spanish legislation. It held that Article 40*bis* of the TRLPI has an important interpretative value not only in an exclusively negative criterion ('Articles of this chapter may be construed ...'), but also in a positive meaning ('unreasonably prejudice the legitimate interests' or 'prejudice the normal exploitation of the work').

According to the above reasoning, the Supreme Court concluded that the '*ius usus inocui*' doctrine was within the mentioned positive aspect of the 'Three-Step Test' rule referred to as a general principle to exercise rights under Good Faith (Article 7.1 of the Civil Code), general principle of the prohibition of abuse of rights or anti-social exercise (Article 7.2 of the Civil Code), and configuration constitutional property rights. In short, the Supreme Court ruled in favour of Google due to the fact that copyright protection and its limitations cannot allow abusive claims.

VI. CONCLUSION

This paper aims to reflect on the need to reform the system of limitations and exceptions. Several European Members' court decisions have authorized the use of a copyrighted work without any statutory limitation provision, especially on online infringements issues. That is to say, courts have made a flexible interpretation of the narrow system of limits 'by creating' new limits. This task belongs to policymakers, unless they have decided on an 'open system of limitations'. In this sense, EU/Spanish copyright exceptions and limitations are outdated. A narrow system of limitations does not permit the use of technological advantages, while a flexible clause would. It may be a solution for EU policymakers to consider the possibility to create either new limitations or, better, a 'flexible clause' under copyright law.

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