

of a trade mark, impeding economic efficiency rather than promoting it.

It may be objected that a sacrifice of clarity and precision takes place when we move from ‘software’ into its various subdivisions. In other words, the differences between ‘software for the provision of medical services’ and ‘computer-aided design software’, for example, are smaller and harder to articulate than those between software itself and anything else. This is true, but is the same problem faced when classifying goods in any other area. The expediency of quarantining all digital goods and services in their own category (as *computer software*) is not an excuse for doing so when the cost is the undermining of the trade mark system. A similar legitimate issue with subdividing ‘software’ is determining how narrowly each category must be defined. Is ‘software for provision of medical services’ specific enough, or would a radiology AI for the detection of cancers need its own specific category? Again, this is the same issue faced in the classification of all other goods and there is no reason in principle why ‘software’ should be excepted from it. There is also no reason why the current law on clarity and precision could not be applied and developed in this area. The USPTO takes the view that: ‘Generally, an identification for “computer software” will be acceptable as long as both the function/purpose and the field of use are set forth.’ As such, in the medical example above specification of the function/purpose of the software as cancer diagnosis would be necessary for it to be sufficiently clear and precise. The operation of this approach in other jurisdictions, as well as its consistency with the European law relating to other categories of goods and services is evidence enough of its workability and desirability.

In conclusion, as goods and services are increasingly provided digitally, the error of confusing their form for their substance in the market will only become more unsustainable. *VROOM* provides one example of its injustice and inefficiency. While procedural limits prevented a different outcome, in this case, it throws into stark relief the need for reconsideration of the current European approach to ‘computer software’ as a clear and precise category of goods.

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## Copyright

### ■ CJEU clarifies that framing infringes copyright if TPMs are circumvented

Court of Justice of the European Union, *VG Bild-Kunst v Stiftung Preußischer Kulturbesitz*, C-392/19 EU:C:2021:181, 9 March 2021

**The Court of Justice of the European Union (CJEU) has ruled that framing thumbnails in circumvention of effective technological protection measures (TPMs) is an act communication to the public.**

#### Legal context and facts

The dispute underlying the preliminary reference by the German Bundesgerichtshof arose between the Stiftung Preußischer Kulturbesitz (SPK), the operator of the German Digital Library (DBB) and collecting society VG Bild-Kunst (VBK). SPK sought to license the use of thumbnails as part of its digital offer, which VBK only agreed to under the condition that SPK implements effective technological protection measures (TPMs) that would prevent third parties from framing the thumbnails. SPK considered this condition to be unreasonable, while collecting societies, under the applicable German law, are obliged to grant licences on reasonable terms to any person requesting a licence in relation to the works administered by a given collecting society.

SPK sought a declaration of VBK’s obligation to license the framing of thumbnails also without the requirement to adopt TPMs. The Regional Court of Berlin dismissed the claim. On appeal, however, the High Regional Court of Berlin (KG Berlin) sided with SPK. On the subsequent appeal, VG Bild-Kunst requested the German Federal Supreme Court (BGH) to set aside the judgment of the KG Berlin. The BGH decided to stay the proceedings and requested a preliminary ruling on whether framing of thumbnail images which are protected against framing by TPMs constitutes an act of communication to the public within the meaning of Article 3(1) of Directive 2001/29/EC (InfoSoc Directive).

#### Analysis

In his Opinion (EU:C:2020:696), Advocate General (AG) Szpunar distinguished between ‘clickable links’ and ‘automatic links’. While the former require an additional intervention by the user to view the framed content and therefore do not constitute an act of communication, disregarding whether such links circumvent TPMs, the latter do constitute an act of communication to the public. The CJEU did not follow the AG.

The Court commenced its analysis of the question by restating its case law on the right to communication to the

public under Article 3(1) InfoSoc Directive. It stressed that the notion of ‘communication to the public’ must be understood in a broad sense in accordance with the objective of the InfoSoc Directive to provide rightholders with a high level of protection. The judgment also refers to Article 3(3) of that directive, which provides that an authorization of a communication to the public of a particular work does not exhaust that exclusive right.

An act of communication to the public requires the consideration of ‘several complementary criteria’ as part of an ‘individual assessment’. Of all these criteria, the Court referred to three in particular: first, a communication to the public requires an intervention of the user, in full knowledge of the consequences, which gives access to a protected work; secondly, the communication must be directed to a public, which is an indeterminate number of people; thirdly, the communication must be made by technological means different from those used for the earlier communication or, alternatively, to a new public.

Based on these criteria, the Court came to the conclusion that the technique of framing does not constitute an act of communication to the public if it does not circumvent TPMs. Framing does not use different technological means to the original posting of a work on a website (the Court referred to the technological means simply as ‘the Internet’). Nor is such a communication made to a new public, as an author who authorizes the making available of a work on the Internet without imposing TPMs that prevent framing and similar linking techniques has authorized the communication to the public to all users of the Internet. If, however, a user circumvents TPMs to frame a work posted on another website, that intervention is indispensable for users of the website on which the work is framed to access the work. Accordingly, a licence to publish a work under the conditions that TPMs are installed to prevent framing constitutes a limited authorization to a specifically defined ‘public’.

In this context, the Court referred to *Svensson* (C-466/12, EU:C:2014:76) and *BestWater* (C-348/13, EU:C:2014:2315). The CJEU highlighted the importance of authorization in these rulings. The authorization sets the scope of the initial communication of a work to a specifically determined public and also enables the rightholder to withdraw the work from the public to which it had been originally communicated. However, the scope of the authorization must be defined with effective technological means in order to ensure legal certainty. The limitation imposed by such means effectively limits the public to users who can lawfully access the relevant work on a given website (*Renckhoff*, C-161/17, EU:C:2018:634, para 35), ie without circumventing the TPMs within the meaning of Article 6 InfoSoc Directive.

Permitting a user to circumvent TPMs in order to integrate a work published on another website by means of framing would, according to the CJEU, introduce a rule of

exhaustion for the right of communication to the public, which is expressly precluded by Article 3(3) InfoSoc Directive. To come to its conclusion, the CJEU referred to the importance of hyperlinking in general and the essential role of links for the operation of the Internet. Although the Internet enables the exercise of the right to freedom of expression, including the right to impart information, under Article 11 of the EU Charter of Fundamental Rights, the interests of rightholders to claim an appropriate reward for their creation for each use of their protected subject matter (*Renckhoff*, para 34) justifies a restriction of the right of users under Article 11.

### Practical significance

The ruling answers one of the most burning questions in EU copyright law, which had remained open after the decisions in *Svensson*, *BestWater* and *Renckhoff*. Linking to works posted on another website, whether by ordinary hyperlink or by framing, does not require prior authorization as long as the content has been made available with the consent of the relevant rightholder. Furthermore, framing can be restricted by TPMs, in which case circumvention of such measures would not only constitute a violation of Article 6 InfoSoc Directive but also a new act of communication to the public. In sum, the CJEU seems to follow a technologically neutral approach regarding linking, and the distinguishing criterion is ‘consent’, which determines the scope and legality of an act of communication to the public. To objectively determine ‘consent’, the CJEU established a legal presumption. The posting of a work or other protected subject matter on a website constitutes consent in relation to the making available, by way of hyperlinks and framing, to all users of the Internet. If the framing of works is prevented by effective TPMs, the consent must be construed that the authorization to make a given work available on the Internet is restricted to the users of that particular website.

TPMs can therefore be used by rightholders to determine the reach, ie the ‘public’, of a particular communication. By confirming that framing in circumvention of TPMs constitutes an act of communication to a new public, the CJEU has given rightholders an important tool to segment virtual exploitation spheres. It remains to be seen, whether TPM-disabled framing will now become the norm. It will be especially interesting to see how potential preventive framing-blockers will interact with copyright exceptions, which Article 6(4) InfoSoc Directive already anticipates.

AG Szpunar’s solution, which would have required authorization for automated in-line links but would have permitted clickable links without authorization, based on an ‘intervention to access’ logic, might have been better suited to create a fair balance. The Court’s analogy to exhaustion also seems misplaced. The physical distribution

of copies of works is an absolute act, and for various reasons does not permit the rightholder to control the further circulation of the physical object. Acts of communication to the public can be, however, technologically controlled and a segmentation of the digital market enables a right-holder to explore different modes of exploitation. The 'linking' of TPMs with the practical operation of the doctrine of exhaustion seems therefore unnecessary.

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### ■ The lawsuit of the decade—Google LLC v. Oracle America, Inc.: a victory for interoperability and the future of innovation

Supreme Court of the United States, *Google LLC v. Oracle America, Inc.*, Case No. 18–956, 5 April 2021

**In its 6-2 ruling, the US Supreme Court ruled that Google's use of Oracle's programming code in creating the Android operating system was covered by the fair use doctrine, thus sparing Google from what could have been a nine billion-dollar damages award.**

#### Legal context and facts

On 5 April 2021, the US Supreme Court decided a case between Alphabet's Inc's Google and Oracle Corp, in which Google had been accused of copying 11 500 lines of Oracle's Java programming language in the Android operating system. By upholding the jury finding that Google's copying was a legitimate fair use, the Supreme Court sent a clear pro-innovation, pro-consumer message to the software industry and practically put an end to a legal battle between two technology giants that lasted over a decade.

Since the case has worked its way up and down the legal system, it is worthwhile to recall the main phases of this significant litigation:

1. In the initial trial proceedings which began in 2010, Oracle complained that Google's use of the Sun Java API violated both patent and copyright laws. The jury rejected Oracle's patent claims and found a limited copyright infringement. However, the jury ended up equally split as to whether these uses of

Java API by Google could be shielded by the fair use doctrine. The judge decided that, even though Google had copied the declaring code, the copied material constituted 'a system or method of operation' and was not copyrightable;

2. On appeal, the Federal Circuit court reversed the trial court finding. The Federal court held that both declaring code and its organizational structure could be copyrightable and returned the case to the trial court to determine the existence of fair use;
3. In the subsequent District Court proceedings, the jury found that Google had 'shown by a preponderance of evidence' that its use of the declaring code and organizational structure in creating Android operating system constituted fair use;
4. Again, Oracle appealed to the Federal Circuit which took a narrower approach and held that Google's copying of Java API was not fair use;
5. Then, Google appealed to the Supreme Court which agreed to consider the following questions: (i) whether copyright protection extends to a software interface and (ii) whether Google's use of a software interface in the context of creating a new computer program would constitute fair use.

#### Analysis

The majority opinion was written by Justice Breyer, the oldest sitting judge on the Supreme Court—who is acknowledged for making highly complicated technical matters easily comprehensible to lawyers. He began his opinion by highlighting some of the core objectives of copyright, such as balancing the interests of the creator with the broader interests of the society and the constitutional objective to promote the progress of science and useful arts.

With regard to the first question under review, the Supreme Court did not dive deep into the question of copyrightability of Java's API and simply assumed, 'purely for the argument's sake', that the entire Sun Java's API can be copyrightable. In a dissenting opinion, Justice Thomas stressed the importance of recognizing declaring code as copyrightable matter and its exploration of the notion of *modus operandi* and distinction between declaring and implementing code.

Concerning the second question, the Supreme Court held that Google's copying of the Sun Java API was fair use as a matter of law. The Court noted that the fair use doctrine is flexible; the fact that it has its roots in court jurisprudence as an 'equitable rule of reason' and also is consecrated in Section 107 of the US Copyright Act symbolizes a cooperative effort between the legislature and the courts. Furthermore, the Court reiterated some of the well-known maxims that the four factors of fair use are not exhaustive, that the application of those factors requires