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# How copyright works in 2022

The latest copyright developments - UK case update

8 June 2022

# The CJEU's decision in YouTube/ Cyando

- When do content sharing services communicate to the public?
- When does the hosting exemption (Article 14 E-Commerce Directive) apply?
- Application of the case in the UK

# YouTube/ Cyando – when do content sharing services communicate to the public?

- Pre-YouTube: "[I]nterven[ing], in full knowledge of the consequences of its action, to give its customers access to a protected work, particularly where, in the absence of that intervention, those customers would not be able to enjoy the work, or would be able to do so only with difficulty"
- CJEU in YouTube: Focus on the "deliberate" nature of the intervention – was the intervention made "with the aim"/ "with the purpose" of giving internet users access to protected content? The fact a service "knows, in a general sense that protected content is made available illegally on its platform" is insufficient. Relevant criteria:
  - Selecting protected content illegally communicated to the public
  - Providing tools specifically intended for the illegal sharing of content
  - Knowingly promoting illegal sharing of content
  - Not expeditiously taking measures to make content inaccessible after being warned by the copyright owner

# *YouTube/ Cyando* – practical factors that weigh against liability for YouTube

- It does not intervene in the creation/ selection of content uploaded by users
- It does not view or monitor the content before upload
- The content is uploaded automatically
- It informs users in its terms of service, and every time a file is uploaded, that it is forbidden to post protected content that infringes copyright
- Its "Community guidelines" call upon users to respect copyright
- Where a video is blocked following a report from the copyright owner, the user who uploaded it is warned that their account will be blocked in the event of repeated infringements
- It has put in place technological measures to prevent and end infringement, including for reporting and arranging for illegal content to be removed
- It also put in place a content verification program and content recognition software to facilitate the identification of infringing content
- Although it processes search results and provides users with recommendations, these functions are not intended to facilitate/ promote the illegal sharing of protected content
- Although it derives advertising revenues from its platform, its financial model is not based on the fact that there is illegal content on it and the purpose and principal use of the platform are not the illegal sharing of content.

# YouTube/ Cyando – when does the hosting exemption apply?

- Article 14 E-Commerce Directive:

Hosting

1. Where an information society service is provided that consists of the storage of information provided by a recipient of the service, Member States shall ensure that the service provider is not liable for the information stored at the request of a recipient of the service, on condition that:

(a) the provider does not have actual knowledge of illegal activity or information and, as regards claims for damages, is not aware of facts or circumstances from which the illegal activity or information is apparent; or

(b) the provider, upon obtaining such knowledge or awareness, acts expeditiously to remove or to disable access to the information.

- Exemption applies where services play a technical, automatic and passive role in the storage and transmission of user-uploaded content. Services lose the benefit of the exemption if they have knowledge of specific infringements by users and fail to act expeditiously to remove/ disable the content – a general awareness is not enough.

# *YouTube/ Cyando* – when does the hosting exemption apply?

- Specific knowledge is not conferred simply by services:
  - Automatically indexing uploaded content
  - Providing a search function
  - Automatically recommending content to users based on their profiles and preferences
  - Implementing technological measures to detect infringing content
- In order to confer specific knowledge, notices must contain "*sufficient information to enable the operator of that platform to satisfy itself, without a detailed legal examination, that that communication is illegal and that removing that content is compatible with freedom of expression*".

# *YouTube/ Cyando* – application in the UK

- Post-Brexit CJEU decisions are not binding in the UK but courts may "have regard" to these decisions
- Arnold LJ in *Warner v TuneIn* considered a post-Brexit CJEU decision regarding communication to the public (*VG Bild Kunst*) highly persuasive and applied its principles on the basis that:
  - It was one of several judgments on the topic of communication to the public, which constituted retained EU case law.
  - It built upon and further refined the CJEU's previous jurisprudence.
  - It was a decision of the Grand Chamber.
  - It was directly relevant to the issues in the case.
  - It resolved a conflict between earlier CJEU decisions.
- The High Court in *Montres Breguet v Samsung* referred to *YouTube* on intermediary liability.
- *YouTube* may have a greater effect in the UK than the EU – application in the EU is narrowed by Article 17 DSM Directive and the Digital Services Act.



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***Sheeran v Chokri***

[2022] EWHC 827 (Ch)



# Elements of (music) copyright infringement

- **Test: Has all/ a substantial part of the copyrighted work been copied?**
- **Substantial part test:** does the part in question contain elements which were the expression of the intellectual creation of the author of the work?
  - Has the defendant taken that which conferred originality on the claimant's work? (is the "copied" song original and has this originality been copied?)
  - The sounds are more important than the specific notes
- **Copying:** identify similarities and ask if they are sufficiently close, numerous or extensive to be more likely to be the result of copying than of coincidence?
- **Legal burden:** if proof of sufficient similarity and access, evidential burden shifts to the alleged infringer (have to prove *access* rather than just a *possibility* of access)
- **Subconscious copying:** Need to establish:
  - "Proof of familiarity" with allegedly copied work; and
  - Causal link between allegedly infringing work and original work.
  - Must look to all evidence to determine this point, as it is difficult to find direct evidence.
- **Significance of similarities to indicate copying:** extent of similarities; possible sources for later work; and evolution of the complained about phrase
- **Relevance of "state of the art":** to determine likelihood of derivation from original work

# Conclusions on copying

- Similar elements between works originated from sources other than Oh Why
- Only a speculative foundation for Sheeran having heard Oh Why
- Sheeran did not deliberately copy
- Similarities and access were insufficient to shift the burden of proof to Sheeran
- Defendants didn't prove Sheeran did copy and Sheeran proved that he didn't deliberately copy
- No subconscious copying

# A shape of things to come: Lessons for other non-literal copying cases

- Evidence of (non) copying and origination from a different source
- Demonstrating lack of copying/originality by relying on commonplace source material and restrictions on creativity
- A coincidence defence

# Not so perfect? A sting in the tail

*[206(2)] I accept the claimants' contention that none of the elements of similarity on which the defendants rely in itself represents that which confers originality on Oh Why as a musical work. The use of the rising minor pentatonic scale is a generic and commonplace building block in many musical genres. The fact that each note of the scale is repeated does not in my judgment alter that conclusion. The use of a vocal chant and its harmonisation with low and high octaves are equally generic and commonplace ideas. Nevertheless, if it had been necessary to decide the point, I would have concluded that the combination of these features did sufficiently represent the intellectual creativity of Mr Chokri and Mr O'Donoghue. Although there is no claim to infringement of copyright in the lyrics, I think that the setting of music to a distinct vocal sound (e.g. humming, "ahh", "ooh", etc) can be considered part of the orchestration of a musical work*



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# *Hebden v Domino Recording*

[2022] EWHC 74 (IPEC)

# Continuing obligations to exploit?

## 4. RELEASE COMMITMENT

*4.1 We shall procure the release in the United Kingdom of each Commitment Album that we shall call for hereunder within one hundred and twenty (120) days following the Delivery of the same*

*4.2 We shall use our reasonable endeavours to procure the release in the Major Markets of a Commitment Album within one hundred and eighty (180) days following the release of the same in the United Kingdom*

Did withdrawal of masters from digital release breach the exclusive recording agreement?

- continuing express or implied obligation to use reasonable endeavours following release to exploit the masters by all then-industry-standard means
- implied obligation to act in good faith in relation to the exploitation of the masters

# The state of the law

Does a copyright assignment imply an obligation to exploit?

- *Nichols v Amalgamated Press*
  - *The defendant company had the right to determine whether the songs should be published or not, and if published, in what form and how advertised.*
- *Schroeder Music Publishing v Macaulay*
  - *[the publisher] may put [the works] in a drawer and leave them there*
  - *Possibly there might be some general undertaking to use [the publisher's] best endeavours to promote the composer's work. But that would probably have to be in such general terms as to be of little use to the composer.*

# The state of the law

## *John v James*

- *[publishers] claimed that the writers also obtained the benefit of an implied obligation that DJM would use reasonable diligence to publish, promote and exploit the compositions accepted, but even if this was so such an obligation was necessarily so loose and imprecise that it would have afforded the writers little protection*
- *[publisher] occupied a fiduciary position in respect of any exploitation which it carried out ... under a duty to exploit the assigned copyrights only in a way it honestly considered was for the joint benefit of the parties*
- *In seeking to [maximise the pool of royalties], in which the parties had a joint interest, the publisher would exercise its own commercial skill and judgement; but in doing so the publisher would not be free to pursue its own commercial interests (as distinct from the joint interest)*



# Permission to amend granted

It could not be said that there was no real likelihood of the claimant successfully proving that there was:

- an express continuing obligation to use reasonable endeavours to exploit the Masters by all then-industry-standard means
- an equivalent implied term
- an implied duty of good faith



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# FBT v Let Them Eat Vinyl

[2021] EWHC 932 (IPEC)

[2021] EWHC 1316 (IPEC)

# What are these cases about?



Eminem's 1<sup>st</sup> album "Infinite" (released in 1996 on vinyl)

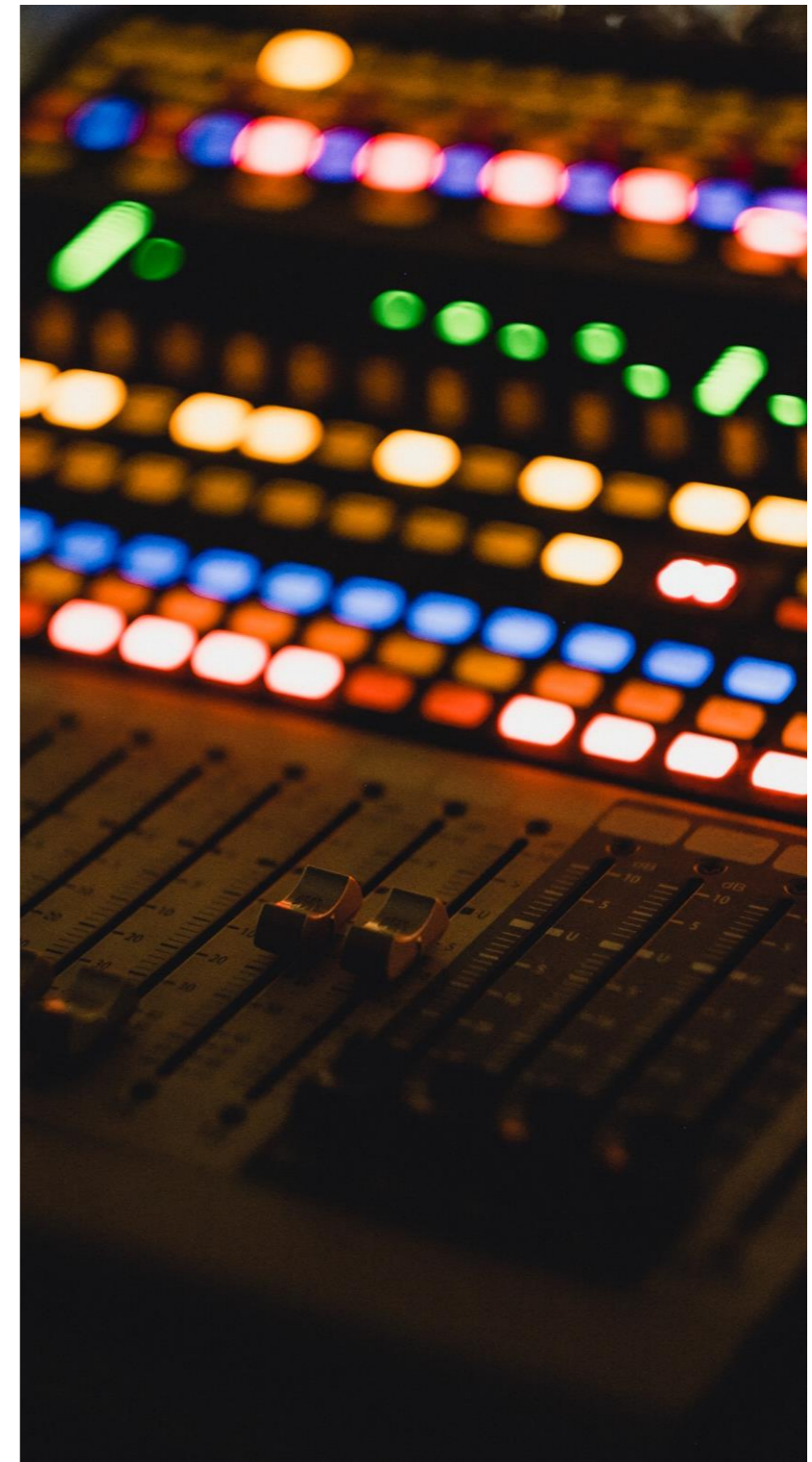
- D1 made x 2,891 vinyl copies, which were supplied & distributed by D2 (until 2016)
- Dealer price/unit = £7.75; profit/unit = £2.5 (D1's total profit **£7,227.5**)

C claimed **£288,209** based on 27 August 2020 conversion rate

**Loss of opportunity claim failed** (discovering D1's infringing vinyl copies in 2016 did not make C abandon its plans despite being "*astounded*"/"*completely blindsided*")


**Notional royalty** (hypothetical licence fee = £2.5/unit)

C awarded  $£2.5 \times 2,981 = £7,452.5 + \text{interest } (£946.46) = \mathbf{\underline{£8,398.96}}$

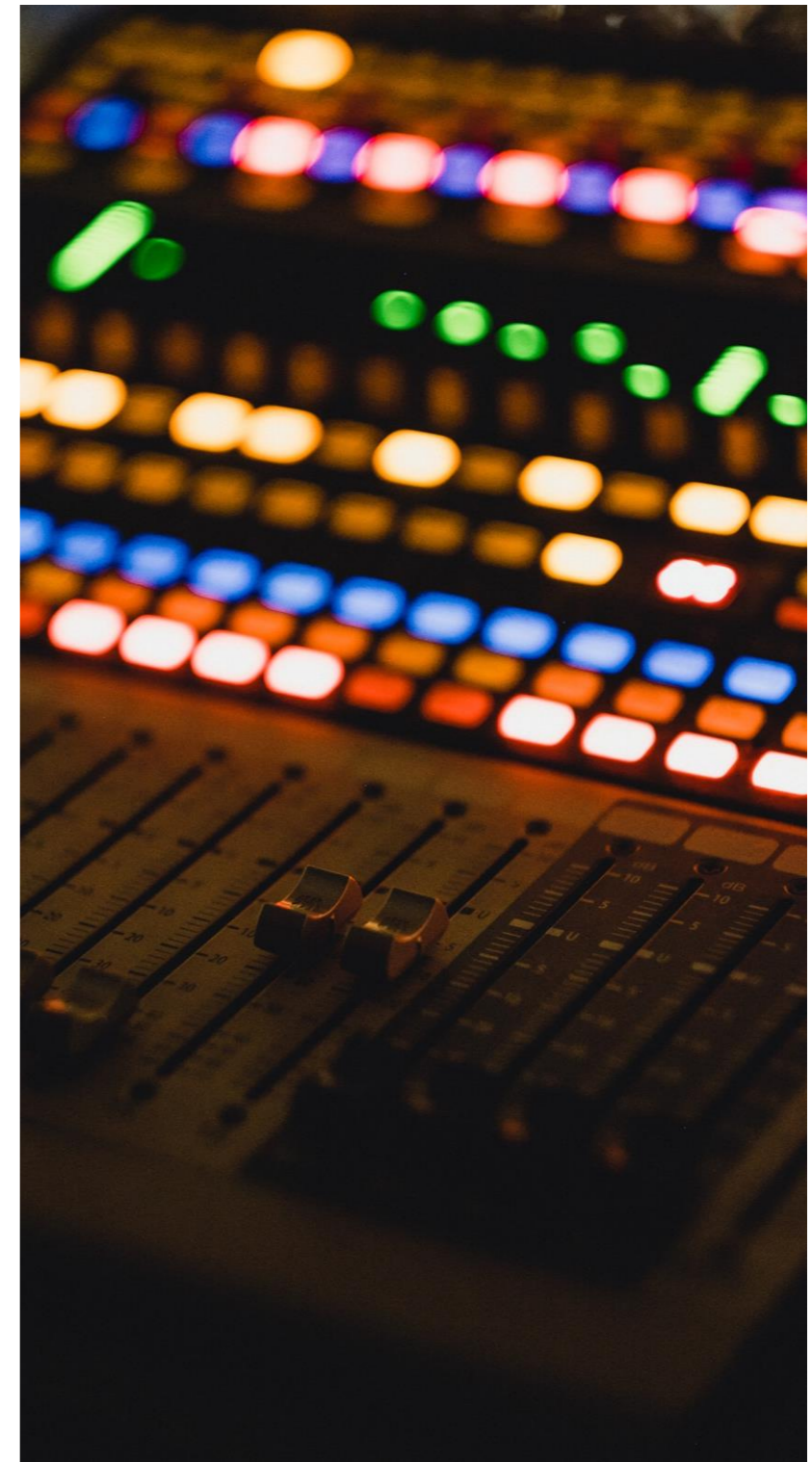


# Remember

## Loss of opportunity

- **If you abandon plans, document why**   
(especially if it's because of a tort someone committed)

- **Inconsistency**    
(do not claim to have abandoned plans, and then proceed regardless to devise a marketing plan or subsequently give an interview to the Rolling Stone magazine confirming plans regarding the limited-edition vinyl)





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# Penhallurick v MD5

[2021] EWCA Civ 1770

Private and confidential

# What is the case about?

Conceptual facts:

- Employee (C) developed software while employed by MD5 (D), but claimed he had rights in it
- **2008 agreement** signed by C entitling him to 7.5% x annual sales of the software

The Court of Appeal confirmed the **2008 agreement** assigned any © owned by C to D (section 11(2) CDPA ground of appeal was not considered)

- You can assign © even if the word "**copyright**" is not used
- It is not necessary to use the words "**grant**" or "**assign**"
- The **factual matrix** includes all background available to both parties at the time the agreement was reached (but **excludes subjective intentions** = irrelevant)
- "**Confirm**" does not mean to *confirm an already established position* if the existing © ownership position is not settled at that stage
- **Confirmatory assignments** both **1)** assign whatever is left; **and 2)** put beyond doubt what is already owned/had already been assigned.

# The 2008 agreement

Michael, this letter is in confirmation of the verbal agreement we have regarding the annual payment of the 7.5% bonus of the \*qualified VFC sales MD5 pay you for your continuing contribution to VFC. This payment will only be applicable while you are an employee of MD5 Ltd and you are continuing your involvement and development of VFC software or future versions.

\*The bonus will be calculated from the total sales of the software less any direct VFC expenses such as dongles, postage, commissions and direct sales costs. 50% of training costs will qualify for a bonus and the balance will be added to your personal fee earnings.

I would also like to take this opportunity to confirm with you for our records, that the software developed at MD5 Ltd by yourself and sold as VFC is the sole property of MD5 Ltd, including the access code .... I would also like confirmation that this code will not be modified or changed without the consent of the Managing Director.

**I agree to the above statement and conditions.**

Signed [by the appellant and Mr Green for the respondent]



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# Duchess of Sussex v Associated Newspapers

[2021] EWCA Civ 1810

Private and confidential



# What is the case about?

Duchess awarded **summary judgment** in the High Court regarding her claims for

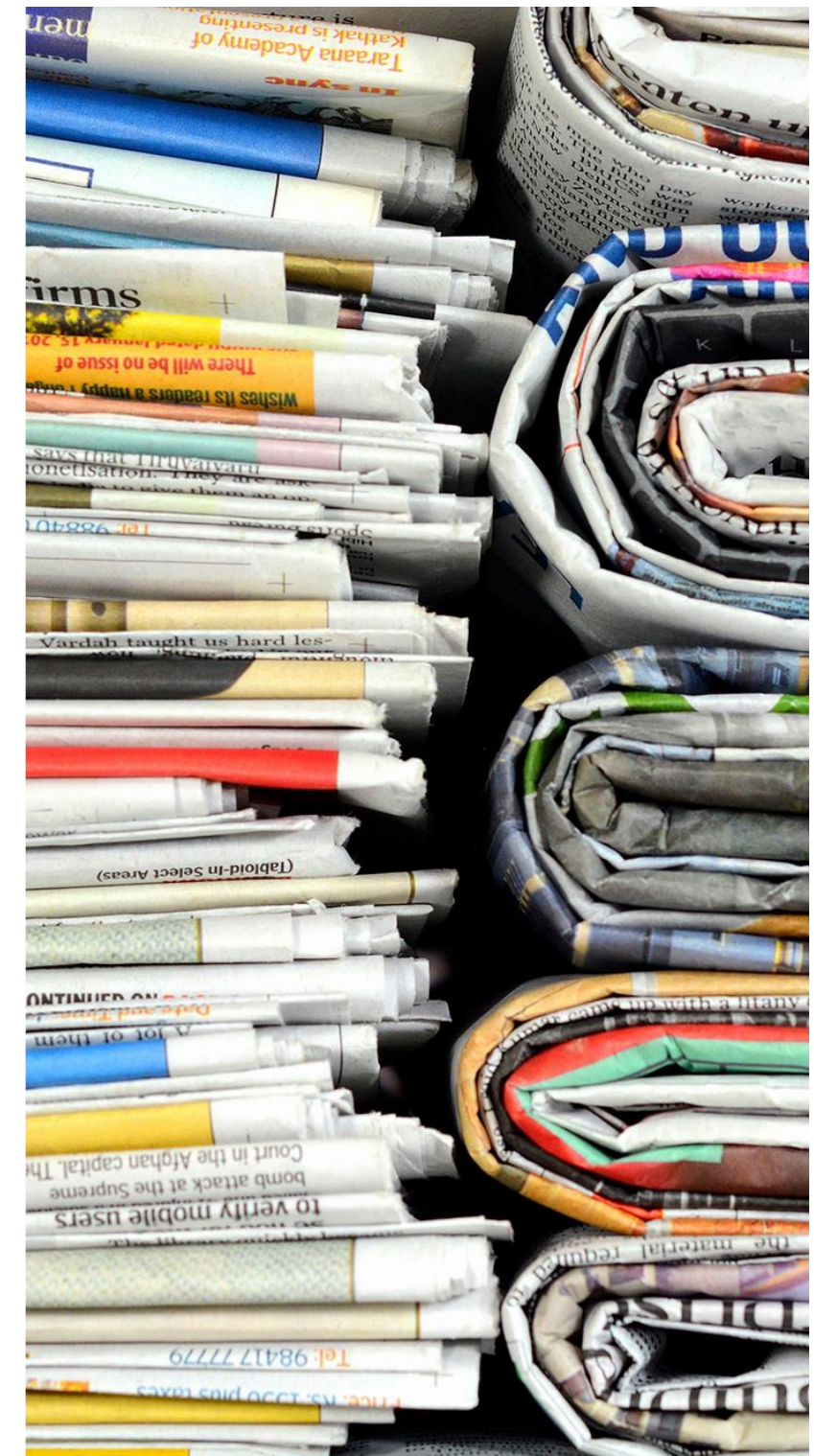
- **Misuse of private information**
- **Copyright infringement [our focus]**

over the contents of a 5-page handwritten letter 

sent to her father (~half of it published in a number of articles published by Associated Newspapers)

The Court of Appeal dismissed Associated Newspapers' appeal.

- **No fair dealing for the purposes of reporting current events defence** (section 30(2) CDPA 1988)
- **No public interest defence** (section 171(3) CDPA 1988)



# Remember

- **Proportionality**



- x 88 separate quotations in one of the articles
- Dealing with unpublished work, copying large and important % of original literary content
- Disproportionate to any legitimate purpose

- **The power of paraphrasing**



- Idea/expression dichotomy
- [39], [43], [59] in *Ashdown v Telegraph Group Ltd*

