

EU Copyright Law

1. Computer Programs

Directive 2009/24/EC of 23 April 2009 on the legal protection of computer programs, OJ No. L 111, p. 16; formerly: Directive 91/250/EEC, OJ No. L 122, p. 42

2. Rental and Lending Right

Directive 2006/115/EC of 12.12.2006 on rental right and lending right and on certain rights related to copyright in the field of intellectual property, OJ No. L 376, p. 28; formerly: Directive 92/100/EEC, OJ No. L 346, p. 61

3. Satellite Broadcasting and Cable Retransmission

Directive 93/83/EEC of 27.09.1993 on the coordination of certain rules concerning copyright and rights related to copyright applicable to satellite broadcasting and cable retransmission, OJ No. L 248, p. 15 = GRUR Int. 1993, 936 et seq.

4. Harmonization of the Term of Protection

Directive 2006/116/EC of December 12, 2006 on the term of protection of copyright and certain related rights, OJ No. L 372, p. 12; formerly: Directive 93/98/EEC, OJ No. L 290, p. 9

5. Databases

Directive 96/9/EC of 11.03.1996 on the legal protection of databases, OJ No. L 77, p. 20 = GRUR Int. 1996, 806 et seq.

6. Resale Right

Directive 2001/84/EC of 27.09.2001 on the resale right for the benefit of the author of an original work of art, OJ No. L 272 of 13.10.2001, p. 32 ff = GRUR Int. 2002, 238 ff.

7. Harmonization in the Information Society

Directive 2001/29/EC of 22.05.2001 on the harmonization of certain aspects of copyright and related rights in the information society, OJ No. L 167, p. 10 ff. = GRUR Int. 2001, 745 ff.

8. Orphan Works

Directive 2012/28/EU of 25.10.2012 on certain permitted uses of orphan works, OJ No. L 299, p. 5.

9. Collective Rights Management

RL 2014/26/EU of 26.02.2014 on the collective management of copyright and related rights and the granting of multi-territorial licenses for rights in musical works for online use in the internal market, OJ No. L 84 p. 72

10. Electronic Commerce

Directive 2000/31/EC of 8 June 2000 on electronic commerce, OJ No. L 178, p. 1 = GRUR Int. 2000, 1004 et seq.

11. Cross-border Portability

Regulation 2017/1128 of 14.06.2017 on cross-border portability of online content services in the internal market OJ No. L 168, p. 1-11.

12. Copyright in the Digital Single Market

RL 2019/790 of 17.04.2019 on copyright and related rights in the digital single market and amending Directives 96/9/EC and 2001/29/EC, OJ No. L 130, p. 92.

System of Protection Levels in Copyright Law

International	RBÜ (Revised Berne Convention) WIPO Treaties => WIPO Copyright Treaty (WCT) => WIPO Performances and Phonograms Treaty (WPPT)
EU Law	Directive 2009/24/EEC Computer Programs Directive 2006/115/EC Rental and Lending Right Directive 93/83/EEC Satellite Broadcasting and Cable Retransmission Directive 2006/116/EC Harmonization of the Term of Protection Directive 96/9/EC Databases Directive 2001/84/EC Resale Right Directive 2001/29/EC Harmonization in the Information Society Directive 2012/28/EU Orphan Works Directive 2014/26/EU Collective Rights Management Directive 2019/790 Copyright in the Digital Single Market RL Regulation (EU) 2017/1128 Cross-border Portability Directive 2000/31/EC Electronic Commerce
National	UrhG

Copyright Theory

Dualistic Theory:

Property right and personal right are to be separated
(Copyright system of the Anglo-American legal system)

Monistic Theory:

Copyright law as a unity of property right and personal right
(Continental European Droit d'auteur System)

"Tree theory": Copyright as the trunk of the tree, from which, as branches and twigs, inseparably arise both property rights and personal rights (Eugen Ulmer)

Typical Effects:

Focus on property rights or personal rights

Where does copyright arise?

Copyright system: Employer (work made for hire)

Droit d'auteur system: employee (cf. Sec. 7, 29 (1) UrhG)

Overview: The Copyright Work

Work = any personal intellectual creation, Sec. 2 (2) UrhG

Prerequisites:

- Mental content
- Perceptible form

Work types:

1. The catalog of works under Sec. 2 (1) UrhG
 - a. Literary works, Sec. 2 (1) No. 1 UrhG
 - Written works (novels, poems, song lyrics, radio plays)
 - Speeches
 - Computer programs
 - b. Musical works, Sec. 2 (1) No. 2 UrhG
 - Song
 - Melody
 - c. Pantomimic works, Sec. 2 (1) No. 3 UrhG
 - Dance art
 - Choreography of a ballet
 - Contortionist acrobatics („Schlangenmensch“)
 - d. Works of artistic works, Sec. 2 (1) No. 4 UrhG

- Fine arts (painting, graphics, sculpture)
- Architecture (houses, churches, stadiums, towers, squares)
- Applied arts (handicrafts)
- Drafts (drawings, patterns)

e. Photographic works, Sec. 2 (1) No. 5 UrhG

- Photos

f. Cinematographic works, Sec. 2 (1) No. 6 UrhG

- Movies
- Short films

g. Illustrations of a scientific or technical nature, Sec. 2 (1) No. 7 UrhG

- Drawings
- Plans
- Maps

2. Adaptations, Sec. 3 UrhG

- Translations
- Film adaptation of a screenplay or novel

3. Collections and database works, Sec. 4 UrhG

- Lexicons
- Encyclopedias
- Songbooks

4. Official works, Sec. 5 UrhG

- Laws
- Regulations
- Court decisions

Origin of Copyright

If the requirements of Sec. 2 (2) UrhG are met, this already constitutes a protected work without further ado.

Not necessary for the emergence are:

- Procedure
- Formalities
- Application
- Official test
- Issuance
- Registration

Advantages:

- Fast and uncomplicated

Disadvantages:

- Copyright is only scrutinized in infringement proceedings
- The outcome of judicial review is difficult to predict and therefore carries considerable litigation risk, particularly in the "small coin" context.

Copyright Holder

1. Author, Sec. 7 UrhG

- Natural persons only
- Creation process is a real act, therefore legal capacity is not a prerequisite
 - (+) for children or the mentally ill
 - (-) e.g. for painting monkeys; robot that produces a drawing when a coin is inserted; composing program
- If there is no copyright notice on the work (Sec. 13 UrhG), the presumption of Sec. 10 (2) UrhG applies.
- No author is
 - Assistant (e.g. craftsman who creates sculpture according to exact specifications)
 - Customer; however, the latter may be granted rights of use (Sec. 31 et seq. UrhG).
 - Employer; however, rights of use are also possible, which can also be granted implicitly in the absence of an express agreement (so-called transfer purpose theory).

2. Joint Authors, Sec. 8 UrhG

Two or more co-authors jointly create a work in which each makes a peculiar intellectual contribution and the created work forms an *inseparable* unit.

Examples of joint authorship:

- Common text
- Programmers write a program together

Legal consequence

According to the general opinion, co-authors form a community of joint owners:

- Co-authors can only jointly publish and exploit the work, changes to the work are only permitted with the consent of the co-authors, Sec. 8 (2) 1 UrhG.
- Each co-author is entitled to assert claims arising from infringements of the joint copyright; however, he may only demand performance to all co-authors, Sec. 8 (2) 3 UrhG
- The proceeds from the use of the work are due to the co-authors according to the extent of their participation in the creation of the work, Sec. 8 (3) UrhG.
- A co-author may waive his share of the exploitation rights, Sec. 8 (4) UrhG

3. Authors of Compound works, Sec. 9 UrhG

Legal agreement of the respective sole authors of several *independent* works for joint exploitation

Examples of connected works:

- Illustrated children's books: author and artist
- Opera: Lyricist and composer
- Also for pop music: Lennon/McCartney or Jagger/Richards

Legal consequence:

Each author retains his right to the work he has created, but may require the other to consent to the publication, exploitation or modification of the associated works if the other can reasonably be expected to give such consent in good faith, Sec. 9 UrhG.

The agreement of the authors creates a civil law partnership pursuant to Sec. 705 et seq. BGB

4. Authors of film and television works

The group of people whose achievements are somehow included in the finished film is very large.

Involved in a film are mainly:

- Authors of pre-existing works (e.g. novel)
- Screenwriter
- Composer of film music
- Director
- Cameraman
- Editing and sound engineer
- Producer
- Actors

Who is the author of the film work is therefore disputed.

One opinion: Category method

Certain category of filmmakers (e.g. scriptwriter, director, producer) should be creators

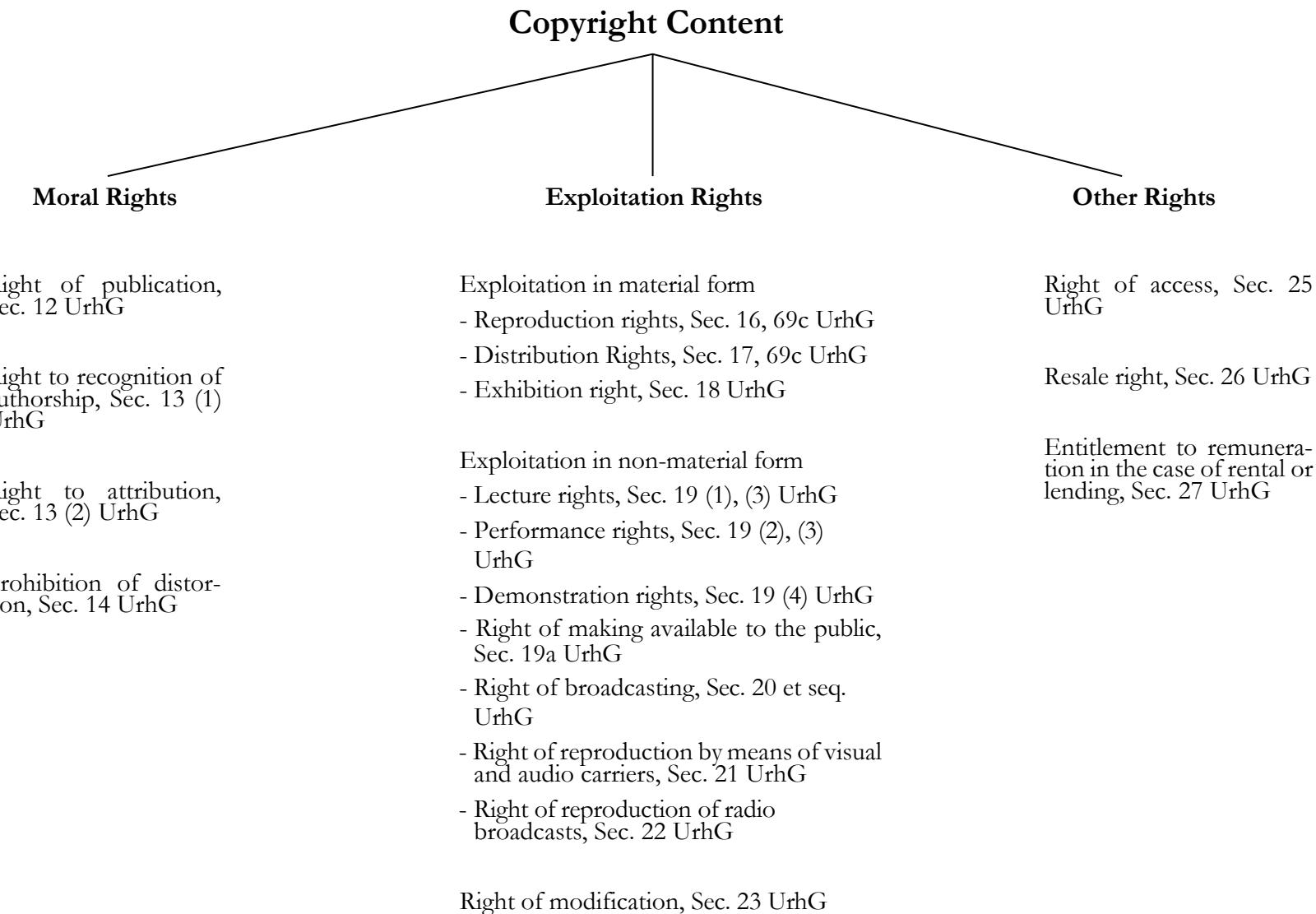
Prevailing opinion: Case method

Determination of authorship in individual cases

A film author is therefore anyone who produces a film-specific creative work. In any case, this includes the director, and in individual cases also the cameraman or editor.

Authors are not in any case:

- Author of a filmed novel, cf. Sec. 88 UrhG
- Creator of those works created for the individual film, e.g. screen- writer, composer of the film music, cf. Sec. 89 (3) UrhG



Exploitation Rights

Sec. 15 UrhG lists the author's exploitation rights by way of example ("in particular"). They primarily secure the material interests of the author in an economic use of the work.

1. Exploitation in material form, Sec. 15 (1) UrhG

a) Reproduction right

Right to make copies, no matter in which process and in which number, Sec. 16 (1) UrhG

- Handmade single copy of a painting
- Production of books or phonograms in thousands of copies
- In principle, caching and browsing on the Internet is also copying; but permissible according to Sec. 44a UrhG.
- Hyperlinks on the internet **no** reproduction (BGH GRUR 2003, 958 - *Paperboy*)

b) Distribution right

Right to offer the original or copies of the work to the public or to put it into circulation, Sec. 17 (1) UrhG

- Exhibiting copies of works for the purpose of sale
- Sending offer lists, brochures or catalogs
- Sale to persons who do not belong to the personal acquaintance circle of the manufacturer or owner
- Not the use of a copyrighted piece of seating furniture in a shop window or as a resting place in a department store (ECJ, GRUR 2008, 604, para. 35-41 - *Peek & Cloppenburg KG/Cassina SpA, Le-Corbusier-Möbel*)

The distribution right is limited by the exhaustion principle in Sec. 17 (2) UrhG. The author has received remuneration for the first sale. The interests of the author are thus satisfied. Any further distribution is then permissible in the interest of the free movement of goods. However, this only applies to exploitation in physical form.

c) Exhibition right

The right to exhibit is limited to unpublished works of fine arts as well as unpublished photographic works, Sec. 18 UrhG

2. Exploitation in non-material form

The cases mentioned in Sec. 15 (2) UrhG are exclusively concerned with the communication of a work to the *public*, i.e. a communication intended for a plurality of members of the public. The decisive factor here is the personal relationship of those present with each other.

Non-public:

- Among friends
- Within the family
- In a small company Public:
- Sports broadcast in the clubhouse
- University Lecture
- In common areas of nursing homes or correctional facilities.

a) Right of recitation

Right to make a spoken work publicly heard by personal performance, Sec. 19 (1) UrhG. "Personal" in this context means any natural person, not necessarily the author himself.

- Public reading of one's own or another's work
- Recitation of a poem
- Cover band plays songs from Deep Purple, Van Halen or Linkin Park
- Not, however, reproduction by means of sound carrier or radio broadcasting

b) Right of performance

Right to publicly perform a work of music by personal performance or to publicly present a work on stage, Sec. 19 (2) UrhG.

- Concert performance

Rendition of a song is performance with respect to the music and recital with respect to the lyrics (cf. above cover band).

- Stage performance

The visually recognizable moving play is decisive

- Drama
- Opera
- Operetta
- Puppetry

c) Right of presentation

Right to make a work of fine art, a photographic work, a cinematographic work or representations of a scientific or technical nature publicly perceptible by means of technical equipment, Sec. 19 (4) UrhG.

- Cinema screening
- Slide show

d) Right to make available to the public

Right to make the work available to the public by wire or wireless means in such a way that it is accessible to members of the public from places and at times of their choice, Sec. 19a UrhG.

The protection already starts with the creation of a technical possibility for interactive retrieval.

(-) In the case of hyperlinks, as these merely facilitate access that has already been opened (BGH GRUR 2003, 958 - *Paperboy*)

e) Broadcasting rights

Right to make the work available to the public by radio, such as sound and television broadcasting, satellite broadcasting, cable broadcasting or similar technical means, Sec. 20 UrhG.

f) Right of secondary exploitation

The work may be reproduced several times in the same or in other ways after its publication. The resulting extension of the circle of use is reserved to the author.

aa) Right of reproduction by means of visual and audio carriers Right to make lectures or performances of the work perceptible to the public by means of visual or audio media, Sec. 21 UrhG.

- Music Box
- Music sprinkling from the CD e.g. in restaurants, department stores or supermarkets

bb) Right of reproduction of radio broadcasts

Right to make radio broadcasts and reproductions of the work based on public accessibility publicly perceptible by means of screens, loudspeakers or similar technical devices, Sec. 22 UrhG.

- Playback of radio or television broadcasts from innkeepers, hairdressers, etc.
- Projection of a television program on a cinema screen
- Also the public reproduction of video recordings of a broadcast (not of a reproduction of the work itself, then Sec. 19 (4) UrhG).

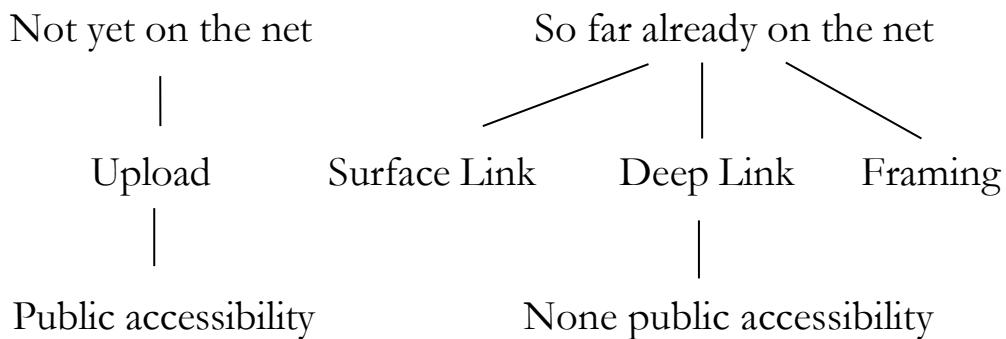
Reproduction may only take place with the consent of the author, but in practice secondary exploitation rights are largely managed by collecting societies.

Posts in Copyright Law

I. Post as making available to the public

(e.g. post information on Facebook).

Making available to the public pursuant to Sec. 19a UrhG generally requires that the protected work is within the *access sphere* of the person making it available and that third parties are given access (BGH, WRP 2016, 224 para. 13 – *Die Realität II*).



- Upload: Upload a file to a server
- Simple link: Reference to other website (ECJ, WRP 2014, 414 – *Svensson/Retriever Sverige*).
- Framing: Embedding of a protected work publicly accessible on a website in another website by means of a link (ECJ, WRP 2014, 1441 para. 15 et seq. – *Bestwater International*; BGH, WRP 2016, 224 – *Die Realität II*).
- Deep link: Link that bypasses the home page and leads to another, deeper page of the website (Dreier/Schulze/Dreier, UrhG § 19a UrhG para. 6a).

=> No making available to the public if only reference is made to another server and no technical protection device is circumvented in the process (BGH, GRUR 2013, 818 – *Die Realität*).

II. Other communication to the public pursuant to Sec. 15 (2) UrhG?

1. Reproduction occurs when the work is made available to the public in such a way that its members have access to it, whether or not they make use of this possibility (ECJ, WRP 2014, 414 para. 24 – *Svensson/Retriever Sverige*).
2. The reproduction is public if it is made either by using a technical process that is different from the one used before or - otherwise - if it is reproduced for a *new audience* that the author did not have in mind (ECJ, GRUR 2017, 510 para. 26 et seq. – *AKM/Zürs.net*; WRP 2014, 414 para. 24 – *Svensson/Retriever Sverige*; BGH GRUR 2019, 950 Para. 34 – *Testversion*; GRUR Int. 2023, 399 para. 74 – *YouTube II*).

If the other website is only restrictedly accessible (registration, password), then the link users represent a *new audience*. If, on the other hand, the website is freely accessible, then there is *no new audience*.

Linking and *framing* are in principle reproductions, but these are only "in the public domain" if the work is reproduced for a *new audience* or is reproduced by a technical process that differs from that of the original reproduction (ECJ, WRP 2014, 414 para. 24 – *Svensson/Retriever Sverige*; ECJ, WRP 2014, 1441 para. 15 et seq. – *Bestwater International*).

Problem:

Content on a freely accessible third-party website was uploaded there without the author's permission (e.g. photos or videos). The linking to it constitutes communication to the public if the linking party *knew* or *should have known* of the unlawfulness of the publication of the works on the other website (ECJ, WRP 2016, 1347 para. 49, 55 – *GS Media*).

Rule:

If the intention is to make a profit, knowledge or gross negligence is rebuttably presumed. If there is no intention to make a profit, knowledge or grossly negligent ignorance is required.

Exception:

Commercial website with Google link

=> Author must prove knowledge or grossly negligent ignorance of the linking party, as search engines cannot recognize the illegality and a general duty of control would be unreasonable.

This would call into question the existence of search

engines (BGH, WRP 2018, 201 para. 60 et seq. –

Vorschaubilder III).

Limitations on Copyright

For the benefit of individual users

Reproduction for private and other personal use, Sec. 53 UrhG

Sending copies on order, Sec. 53a UrhG

Broadcasting organization, Sec. 55 UrhG

Reproduction of images, Sec. 60 UrhG

For the benefit of the cultural industry

Temporary acts of reproduction, Sec. 44a UrhG

Business operations, Sec. 56 UrhG

Insignificant accessory, Sec. 57 UrhG

Catalog images, Sec. 58 UrhG

Producer of sound recordings, Sec. 42a UrhG

Orphan works, Sec. 61 UrhG

For the benefit of the general public

Administration of justice and public safety, Sec. 45 UrhG

Disabled persons, Sec. 45a UrhG

Church, school or educational use, Sec. 46 UrhG

School radio broadcasts, Sec. 47 UrhG

Public speeches, Sec. 48 UrhG

Newspaper articles and radio commentaries, Sec. 49 UrhG

Image and sound reporting, Sec. 50 UrhG

Quotations, Sec. 51 UrhG

Public communication of published works for social purposes, Sec. 52 UrhG

Works in public places, Sec. 59 UrhG

Education, science and institutions, Sec. 60a et seq. UrhG

Case Study: UsedSoft

A. UsedSoft

European Court of Justice (Grand Chamber), 3 July 2012 (C-128/11)

1. Article 4(2) of Directive 2009/24/EC of the European Parliament and of the Council of 23 April 2009 on the legal protection of computer programs must be interpreted as meaning that the right of distribution of a copy of a computer program is exhausted if the copyright holder who has authorised, even free of charge, the downloading of that copy from the internet onto a data carrier has also conferred, in return for payment of a fee intended to enable him to obtain a remuneration corresponding to the economic value of the copy of the work of which he is the proprietor, a right to use that copy for an unlimited period.

2. Articles 4(2) and 5(1) of Directive 2009/24 must be interpreted as meaning that, in the event of the resale of a user licence entailing the resale of a copy of a computer program downloaded from the copyright holder's website, that licence having originally been granted by that rightholder to the first acquirer for an unlimited period in return for payment of a fee intended to enable the rightholder to obtain a remuneration corresponding to the economic value of that copy of his work, the second acquirer of the licence, as well as any subsequent acquirer of it, will be able to rely on the exhaustion of the distribution right under Article 4(2) of that directive, and hence be regarded as lawful acquirers of a copy of a computer program within the meaning of Article 5(1) of that directive and benefit from the right of reproduction provided for in that provision.

Judgment

...

2 The reference has been made in proceedings between UsedSoft GmbH ('UsedSoft') and Oracle International Corp. ('Oracle') concerning the marketing by UsedSoft of used licences for Oracle computer programs.

...

20 Oracle develops and markets computer software. It is the proprietor of the exclusive user rights under copyright law in those programs. It is also the proprietor of the German and Community word marks Oracle, which are registered inter alia for computer software.

21 Oracle distributes the software at issue in the main proceedings, namely databank software, in 85% of cases by downloading from the

internet. The customer downloads a copy of the software directly to his computer from Oracle's website. The software is what is known as 'client-server-software'. The user right for such a program, which is granted by a licence agreement, includes the right to store a copy of the program permanently on a server and to allow a certain number of users to access it by downloading it to the main memory of their work-station computers. On the basis of a maintenance agreement, updated versions of the software ('updates') and programs for correcting faults ('patches') can be downloaded from Oracle's website. At the customer's request, the programs are also supplied on CD-ROM or DVD.

22 Oracle offers group licences for the software at issue in the main proceedings for a minimum of 25 users each. An undertaking requiring licences for 27 users thus has to acquire two licences.

23 Oracle's licence agreements for the software at issue in the main proceedings contain the following term, under the heading 'Grant of rights':

'With the payment for services you receive, exclusively for your internal business purposes, for an unlimited period a non-exclusive non-transferable user right free of charge for everything that Oracle develops and makes available to you on the basis of this agreement.'

24 UsedSoft markets used software licences, including user licences for the Oracle computer programs at issue in the main proceedings. For that purpose UsedSoft acquires from customers of Oracle such user licences, or parts of them, where the original licences relate to a greater number of users than required by the first acquirer.

25 In October 2005 UsedSoft promoted an 'Oracle Special Offer' in which it offered for sale 'already used' licences for the Oracle programs at issue in the main proceedings. In doing so it pointed out that the licences were all 'current' in the sense that the maintenance agreement concluded between the original licence holder and Oracle was still in force, and that the lawfulness of the original sale was confirmed by a notarial certificate.

26 Customers of UsedSoft who are not yet in possession of the Oracle software in question download a copy of the program directly from Oracle's website, after acquiring such a used licence. Customers who already have that software and then purchase further licences for additional users are induced by UsedSoft to copy the program to the work stations of those users.

27 Oracle brought proceedings in the Landgericht München I (Regional Court, Munich I) seeking an order that UsedSoft cease the practices described in paragraphs 24 to 26 above. That court allowed Oracle's application. UsedSoft's appeal against the decision was dismissed.

UsedSoft thereupon appealed on a point of law to the Bundesgerichtshof (Federal Court of Justice).

28 According to the Bundesgerichtshof, the actions of UsedSoft and its customers infringe Oracle's exclusive right of permanent or temporary reproduction of computer programs within the meaning of Article 4(1)(a) of Directive 2009/24. UsedSoft's customers cannot, in that court's view, rely on a right validly transferred to them by Oracle to reproduce the computer programs. Oracle's licence agreements state that the right to use the programs is 'non-transferable'. Oracle's customers are not therefore entitled to transfer to third parties the right of reproduction of those programs.

29 The outcome of the dispute depends, according to that court, on whether the customers of UsedSoft can successfully rely on Paragraph 69d(1) of the UrhG, which transposes Article 5(1) of Directive 2009/24 into German law.

30 The question arises, first, whether a person who, like UsedSoft's customers, does not hold a user right in the computer program granted by the rightholder, but relies on the exhaustion of the right to distribute a copy of the computer program, is a 'lawful acquirer' of that copy within the meaning of Article 5(1) of Directive 2009/24. The referring court considers that that is the case. It explains that the marketability of a copy of the computer program which arises from the exhaustion of the distribution right would be largely meaningless if the acquirer of such a copy did not have the right to reproduce the program. The use of a computer program, unlike the use of other works protected by copyright, generally requires its reproduction. Article 5(1) of Directive 2009/24 thus serves to safeguard the exhaustion of the distribution right under Article 4(2) of Directive 2009/24.

31 Next, the referring court considers whether, in a case such as that in the main proceedings, the right to distribute a copy of a computer program is exhausted under the second sentence of Paragraph 69c(3) of the UrhG, which transposes Article 4(2) of Directive 2009/24.

32 There are several possible interpretations. First, Article 4(2) of Directive 2009/24 could be applicable if the rightholder allows a customer, after the conclusion of a licence agreement, to make a copy of a computer program by downloading that program from the internet and storing it on a computer. That provision attaches the legal consequence of exhaustion of the distribution right to the first sale of a copy of the program and does not necessarily presuppose the putting into circulation of a physical copy of the program. Secondly, Article 4(2) of Directive 2009/24 could be applicable by analogy in the case of the sale of a computer program by means of

on-line transmission. According to the supporters of that view, there is an unintended lacuna in the law ('planwidrige Regelungslücke') because the authors of the directive did not regulate or contemplate on-line transmission of computer programs. Thirdly, Article 4(2) of Directive 2009/24 is inapplicable because the exhaustion of the distribution right under that provision always presupposes the putting into circulation of a physical copy of the program by the rightholder or with his consent. The authors of the directive deliberately refrained from extending the rule on exhaustion to the on-line transmission of computer programs.

33 Finally, the referring court raises the question whether a person who has acquired a used licence may, for making a copy of the program (as UsedSoft's customers do in the dispute in the main proceedings by downloading a copy of Oracle's program onto a computer from Oracle's website or uploading it to the main memory of other work stations), rely on exhaustion of the right of distribution of the copy of the program made by the first acquirer, with the consent of the rightholder, by downloading it from the internet, if the first acquirer has deleted his copy or no longer uses it. The referring court considers that the application by analogy of Articles 5(1) and 4(2) of Directive 2009/24 can be ruled out. Exhaustion of the distribution right is intended solely to guarantee the marketability of a copy of a program which is incorporated in a particular data carrier and sold by the rightholder or with his consent. The effect of exhaustion should not therefore be extended to the non-physical data transmitted on-line.

34 In those circumstances the Bundesgerichtshof decided to stay the proceedings and to refer the following questions to the Court for a preliminary ruling:

1. Is the person who can rely on exhaustion of the right to distribute a copy of a computer program a "lawful acquirer" within the meaning of Article 5(1) of Directive 2009/24?
2. If the reply to the first question is in the affirmative: is the right to distribute a copy of a computer program exhausted in accordance with the first half-sentence of Article 4(2) of Directive 2009/24 when the acquirer has made the copy with the rightholder's consent by downloading the program from the internet onto a data carrier?
3. If the reply to the second question is also in the affirmative: can a person who has acquired a "used" software licence for generating a program copy as "lawful acquirer" under Article 5(1) and the first half-sentence of Article 4(2) of Directive 2009/24 also rely on exhaustion of the right to distribute the copy of the computer program made by the first acquirer with the rightholder's consent by downloading the program from the

internet onto a data carrier if the first acquirer has erased his program copy or no longer uses it?’

Consideration of the questions referred

Question 2

35 By its second question, which should be addressed first, the referring court essentially seeks to know whether and under what conditions the downloading from the internet of a copy of a computer program, authorised by the copyright holder, can give rise to exhaustion of the right of distribution of that copy in the European Union within the meaning of Article 4(2) of Directive 2009/24.

36 It should be recalled that under Article 4(2) of Directive 2009/24 the first sale in the European Union of a copy of a computer program by the rightholder or with his consent exhausts the distribution right within the European Union of that copy.

37 According to the order for reference, the copyright holder itself, in this case Oracle, makes available to its customers in the European Union who wish to use its computer program a copy of that program which can be downloaded from its website.

38 To determine whether, in a situation such as that at issue in the main proceedings, the copyright holder’s distribution right is exhausted, it must be ascertained, first, whether the contractual relationship between the rightholder and its customer, within which the downloading of a copy of the program in question has taken place, may be regarded as a ‘first sale ... of a copy of a program’ within the meaning of Article 4(2) of Directive 2009/24.

39 According to settled case-law, the need for a uniform application of European Union law and the principle of equality require that the terms of a provision of European Union law which makes no express reference to the law of the Member States for the purpose of determining its meaning and scope must normally be given an independent and uniform interpretation throughout the European Union (see, *inter alia*, Case C-5/08 *Infopaq International* [2009] ECR I-6569, paragraph 27; Case C-34/10 *Brüstle* [2011] ECR I-9821, paragraph 25; and judgment of 26 April 2012 in Case C-510/10 *DR and TV2 Danmark*, paragraph 33).

40 The wording of Directive 2009/24 does not make any reference to national laws as regards the meaning to be given to the term ‘sale’ in Article 4(2) of the directive. It follows that that term must be regarded, for the purposes of applying the directive, as designating an autonomous concept of European Union law, which must be interpreted in a uniform manner throughout the territory of the European Union (see, to that effect, *DR and TV2 Danmark*, paragraph 34).

41 That conclusion is supported by the subject-matter and purpose of Directive 2009/24. Recitals 4 and 5 in the preamble to that directive, which is based on Article 95 EC, to which Article 114 TFEU corresponds, state that its objective is to remove differences between the laws of the Member States which have adverse effects on the functioning of the internal market and concern computer programs. A uniform interpretation of the term 'sale' is necessary in order to avoid the protection offered to copyright holders by that directive varying according to the national law applicable.

42 According to a commonly accepted definition, a 'sale' is an agreement by which a person, in return for payment, transfers to another person his rights of ownership in an item of tangible or intangible property belonging to him. It follows that the commercial transaction giving rise, in accordance with Article 4(2) of Directive 2009/24, to exhaustion of the right of distribution of a copy of a computer program must involve a transfer of the right of ownership in that copy.

43 Oracle submits that it does not sell copies of its computer programs at issue in the main proceedings. It says that it makes available to its customers, free of charge, on its website a copy of the program concerned, and they can download that copy. The copy thus downloaded may not, however, be used by the customers unless they have concluded a user licence agreement with Oracle. Such a licence gives Oracle's customers a non-exclusive and non-transferable user right for an unlimited period for that program. Oracle submits that neither the making available of a copy free of charge nor the conclusion of the user licence agreement involves a transfer of the right of ownership of that copy.

44 In this respect, it must be observed that the downloading of a copy of a computer program and the conclusion of a user licence agreement for that copy form an indivisible whole. Downloading a copy of a computer program is pointless if the copy cannot be used by its possessor. Those two operations must therefore be examined as a whole for the purposes of their legal classification (see, by analogy, Joined Cases C-145/08 and C-149/08 *Club Hotel Loutraki and Others* [2010] ECR I-4165, paragraphs 48 and 49 and the case-law cited).

45 As regards the question whether, in a situation such as that at issue in the main proceedings, the commercial transactions concerned involve a transfer of the right of ownership of the copy of the computer program, it must be stated that, according to the order for reference, a customer of Oracle who downloads the copy of the program and concludes with that company a user licence agreement relating to that copy receives, in return for payment of a fee, a right to use that copy for an unlimited period. The making available by Oracle of a copy of its computer program and the conclusion of a user licence agreement for that copy are thus intended to make the copy usable by the customer, permanently, in return for payment of a fee designed to enable the copyright holder to

obtain a remuneration corresponding to the economic value of the copy of the work of which it is the proprietor.

46 In those circumstances, the operations mentioned in paragraph 44 above, examined as a whole, involve the transfer of the right of ownership of the copy of the computer program in question.

47 It makes no difference, in a situation such as that at issue in the main proceedings, whether the copy of the computer program was made available to the customer by the rightholder concerned by means of a download from the rightholder's website or by means of a material medium such as a CD-ROM or DVD. Even if, in the latter case too, the rightholder formally separates the customer's right to use the copy of the program supplied from the operation of transferring the copy of the program to the customer on a material medium, the operation of downloading from that medium a copy of the computer program and that of concluding a licence agreement remain inseparable from the point of view of the acquirer, for the reasons set out in paragraph 44 above. Since an acquirer who downloads a copy of the program concerned by means of a material medium such as a CD-ROM or DVD and concludes a licence agreement for that copy receives the right to use the copy for an unlimited period in return for payment of a fee, it must be considered that those two operations likewise involve, in the case of the making available of a copy of the computer program concerned by means of a material medium such as a CD-ROM or DVD, the transfer of the right of ownership of that copy.

48 Consequently, in a situation such as that at issue in the main proceedings, the transfer by the copyright holder to a customer of a copy of a computer program, accompanied by the conclusion between the same parties of a user licence agreement, constitutes a 'first sale ... of a copy of a program' within the meaning of Article 4(2) of Directive 2009/24.

49 As the Advocate General observes in point 59 of his Opinion, if the term 'sale' within the meaning of Article 4(2) of Directive 2009/24 were not given a broad interpretation as encompassing all forms of product marketing characterised by the grant of a right to use a copy of a computer program, for an unlimited period, in return for payment of a fee designed to enable the copyright holder to obtain a remuneration corresponding to the economic value of the copy of the work of which he is the proprietor, the effectiveness of that provision would be undermined, since suppliers would merely have to call the contract a 'licence' rather than a 'sale' in order to circumvent the rule of exhaustion and divest it of all scope.

50 Secondly, the argument put forward by Oracle and the European Commission that the making available of a copy of a computer program on the copyright holder's website constitutes a 'making available to the

public' within the meaning of Article 3(1) of Directive 2001/29, which, in accordance with Article 3(3) of that directive, cannot give rise to exhaustion of the right of distribution of the copy, cannot be accepted.

51 It is apparent from Article 1(2)(a) of Directive 2001/29 that the directive 'leave[s] intact and ... in no way affect[s] existing ... provisions [of European Union law] relating to ... the legal protection of computer programs' conferred by Directive 91/250, which was subsequently codified by Directive 2009/24. The provisions of Directive 2009/24, in particular Article 4(2), thus constitute a *lex specialis* in relation to the provisions of Directive 2001/29, so that even if the contractual relationship at issue in the main proceedings or an aspect of it might also be covered by the concept of 'communication to the public' within the meaning of Article 3(1) of the latter directive, the 'first sale ... of a copy of a program' within the meaning of Article 4(2) of Directive 2009/24 would still give rise, in accordance with that provision, to exhaustion of the right of distribution of that copy.

52 Moreover, as stated in paragraph 46 above, in a situation such as that at issue in the main proceedings, the copyright holder transfers the right of ownership of the copy of the computer program to his customer. As the Advocate General observes in point 73 of his Opinion, it follows from Article 6(1) of the Copyright Treaty, in the light of which Articles 3 and 4 of Directive 2001/29 must, so far as possible, be interpreted (see, to that effect, Case C-456/06 *Peek & Cloppenburg* [2008] ECR I-2731, paragraph 30), that the existence of a transfer of ownership changes an 'act of communication to the public' provided for in Article 3 of that directive into an act of distribution referred to in Article 4 of the directive which, if the conditions in Article 4(2) of the directive are satisfied, can, like a 'first sale ... of a copy of a program' referred to in Article 4(2) of Directive 2009/24, give rise to exhaustion of the distribution right.

53 Thirdly, it must also be examined whether, as argued by Oracle, the governments which have submitted observations to the Court, and the Commission, the exhaustion of the distribution right referred to in Article 4(2) of Directive 2009/24 relates only to tangible property and not to intangible copies of computer programs downloaded from the internet. They refer in this respect to the wording of Article 4(2) of Directive 2009/24, recitals 28 and 29 in the preamble to Directive 2001/29, Article 4 of Directive 2001/29 read in conjunction with Article 8 of the Copyright Treaty, and the agreed statement concerning Articles 6 and 7 of the Copyright Treaty, whose transposition is one of the aims of Directive 2001/29.

54 Furthermore, according to the Commission, recital 29 in the preamble to Directive 2001/29 confirms that '[t]he question of exhaustion does not arise in the case of services and on-line services in particular'.

55 On this point, it must be stated, first, that it does not appear from Article 4(2) of Directive 2009/24 that the exhaustion of the right of distribution of copies of computer programs mentioned in that provision is limited to copies of programmes on a material medium such as a CD-ROM or DVD. On the contrary, that provision, by referring without further specification to the 'sale ... of a copy of a program', makes no distinction according to the tangible or intangible form of the copy in question.

56 Next, it must be recalled that Directive 2009/24, which concerns specifically the legal protection of computer programs, constitutes a *lex specialis* in relation to Directive 2001/29.

57 Article 1(2) of Directive 2009/24 states that '[p]rotection in accordance with this Directive shall apply to the expression in any form of a computer program'. Recital 7 in the preamble to that directive specifies that the 'computer programs' it aims to protect 'include programs in any form, including those which are incorporated into hardware'.

58 Those provisions thus make abundantly clear the intention of the European Union legislature to assimilate, for the purposes of the protection laid down by Directive 2009/24, tangible and intangible copies of computer programs.

59 In those circumstances, it must be considered that the exhaustion of the distribution right under Article 4(2) of Directive 2009/24 concerns both tangible and intangible copies of a computer program, and hence also copies of programs which, on the occasion of their first sale, have been downloaded from the internet onto the first acquirer's computer.

60 It is true that the concepts used in Directives 2001/29 and 2009/24 must in principle have the same meaning (see Joined Cases C-403/08 and C-429/08 *Football Association Premier League and Others* [2011] ECR I-9083, paragraphs 187 and 188). However, even supposing that Article 4(2) of Directive 2001/29, interpreted in the light of recitals 28 and 29 in its preamble and in the light of the Copyright Treaty, which Directive 2001/29 aims to implement (judgment of 9 February 2012 in Case C-277/10 *Luksan*, paragraph 59), indicated that, for the works covered by that directive, the exhaustion of the distribution right concerned only tangible objects, that would not be capable of affecting the interpretation of Article 4(2) of Directive 2009/24, having regard to the different intention expressed by the European Union legislature in the specific context of that directive.

61 It should be added that, from an economic point of view, the sale of a computer program on CD-ROM or DVD and the sale of a program by downloading from the internet are similar. The on-line transmission method is the functional equivalent of the supply of a material medium. Interpreting Article 4(2) of Directive 2009/24 in the light of the principle of equal treatment confirms that the exhaustion of the distribution right

under that provision takes effect after the first sale in the European Union of a copy of a computer program by the copyright holder or with his consent, regardless of whether the sale relates to a tangible or an intangible copy of the program.

62 As to the Commission's argument that European Union law does not provide for the exhaustion of the distribution right in the case of services, it must be recalled that the objective of the principle of the exhaustion of the right of distribution of works protected by copyright is, in order to avoid partitioning of markets, to limit restrictions of the distribution of those works to what is necessary to safeguard the specific subject-matter of the intellectual property concerned (see, to that effect, Case C-200/96 *Metronome Musik* [1998] ECR I-1953, paragraph 14; Case C-61/97 *FDV* [1998] ECR I-5171, paragraph 13; and *Football Association Premier League and Others*, paragraph 106).

63 To limit the application, in circumstances such as those at issue in the main proceedings, of the principle of the exhaustion of the distribution right under Article 4(2) of Directive 2009/24 solely to copies of computer programs that are sold on a material medium would allow the copyright holder to control the resale of copies downloaded from the internet and to demand further remuneration on the occasion of each new sale, even though the first sale of the copy had already enabled the rightholder to obtain an appropriate remuneration. Such a restriction of the resale of copies of computer programs downloaded from the internet would go beyond what is necessary to safeguard the specific subject-matter of the intellectual property concerned (see, to that effect, *Football Association Premier League and Others*, paragraphs 105 and 106).

64 Fourthly, it must also be examined whether, as Oracle claims, the maintenance agreement concluded by the first acquirer prevents in any event the exhaustion of the right provided for in Article 4(2) of Directive 2009/24, since the copy of the computer program which the first acquirer may transfer to a second acquirer no longer corresponds to the copy he downloaded but to a new copy of the program.

65 According to the order for reference, the used licences offered by UsedSoft are 'current', in that the sale of the copy of the program by Oracle to its customer was accompanied by the conclusion of a maintenance agreement for that copy.

66 It must be observed that the exhaustion of the right of distribution of a copy of a computer program under Article 4(2) of Directive 2009/24 only concerns copies which have been the subject of a first sale in the European Union by the copyright holder or with his consent. It does not relate to contracts for services, such as maintenance agreements, which are separable from such a sale and were concluded, possibly for an unlimited period, on the occasion of the sale.

67 None the less, the conclusion of a maintenance agreement, such as those at issue in the main proceedings, on the occasion of the sale of an intangible copy of a computer program has the effect that the copy originally purchased is patched and updated. Even if the maintenance agreement is for a limited period, the functionalities corrected, altered or added on the basis of such an agreement form an integral part of the copy originally downloaded and can be used by the acquirer of the copy for an unlimited period, even in the event that the acquirer subsequently decides not to renew the maintenance agreement.

68 In such circumstances, the exhaustion of the distribution right under Article 4(2) of Directive 2009/24 extends to the copy of the computer program sold as corrected and updated by the copyright holder.

69 It should be pointed out, however, that if the licence acquired by the first acquirer relates to a greater number of users than he needs, as stated in paragraphs 22 and 24 above, the acquirer is not authorised by the effect of the exhaustion of the distribution right under Article 4(2) of Directive 2009/24 to divide the licence and resell only the user right for the computer program concerned corresponding to a number of users determined by him.

70 An original acquirer who resells a tangible or intangible copy of a computer program for which the copyright holder's right of distribution is exhausted in accordance with Article 4(2) of Directive 2009/24 must, in order to avoid infringing the exclusive right of reproduction of a computer program which belongs to its author, laid down in Article 4(1)(a) of Directive 2009/24, make his own copy unusable at the time of its resale. In a situation such as that mentioned in the preceding paragraph, the customer of the copyright holder will continue to use the copy of the program installed on his server and will not thus make it unusable.

71 Moreover, even if an acquirer of additional user rights for the computer program concerned did not carry out a new installation — and hence a new reproduction — of the program on a server belonging to him, the effect of the exhaustion of the distribution right under Article 4(2) of Directive 2009/24 would in any event not extend to such user rights. In such a case the acquisition of additional user rights does not relate to the copy for which the distribution right was exhausted at the time of that transaction. On the contrary, it is intended solely to make it possible to extend the number of users of the copy which the acquirer of additional rights has himself already installed on his server.

72 On the basis of all the foregoing, the answer to Question 2 is that Article 4(2) of Directive 2009/24 must be interpreted as meaning that the right of distribution of a copy of a computer program is exhausted if the copyright holder who has authorised, even free of charge, the downloading of that copy from the internet onto a data carrier has also conferred, in return for payment of a fee intended to enable him to obtain

a remuneration corresponding to the economic value of the copy of the work of which he is the proprietor, a right to use that copy for an unlimited period.

Questions 1 and 3

73 By its first and third questions the referring court seeks essentially to know whether, and under what conditions, an acquirer of used licences for computer programs, such as those sold by UsedSoft, may, as a result of the exhaustion of the distribution right under Article 4(2) of Directive 2009/24, be regarded as a 'lawful acquirer' within the meaning of Article 5(1) of Directive 2009/24 who, in accordance with that provision, enjoys the right of reproduction of the program concerned in order to enable him to use the program in accordance with its intended purpose.

74 Article 5(1) of Directive 2009/24 provides that, in the absence of specific contractual provisions, the reproduction of a computer program does not require authorisation by the author of the program where that reproduction is necessary for the use of the computer program by the lawful acquirer in accordance with its intended purpose, including for error correction.

75 When the customer of the copyright holder purchases a copy of a computer program that is on the rightholder's website, he performs, by downloading the copy onto his computer, a reproduction of the copy which is authorised under Article 5(1) of Directive 2009/24. This is a reproduction that is necessary for the use of the program by the lawful acquirer in accordance with its intended purpose.

76 Moreover, recital 13 in the preamble to Directive 2009/24 states that 'the acts of loading and running necessary for the use of a copy of a program which has been lawfully acquired ... may not be prohibited by contract'.

77 It must be recalled, next, that the copyright holder's distribution right is exhausted, in accordance with Article 4(2) of Directive 2009/24, on the occasion of the first sale in the European Union by that rightholder, or with his consent, of any copy, tangible or intangible, of his computer program. It follows that, by virtue of that provision and notwithstanding the existence of contractual terms prohibiting a further transfer, the rightholder in question can no longer oppose the resale of that copy.

78 Admittedly, as stated in paragraph 70 above, the original acquirer of a tangible or intangible copy of a computer program for which the copyright holder's distribution right is exhausted in accordance with Article 4(2) of Directive 2009/24 who resells that copy must, in order to avoid infringing that rightholder's exclusive right of reproduction of his computer program under Article 4(1)(a) of Directive 2009/24, make the copy downloaded onto his computer unusable at the time of its resale.

79 As Oracle rightly observes, ascertaining whether such a copy has been made unusable may prove difficult. However, a copyright holder who distributes copies of a computer program on a material medium such as a CD-ROM or DVD is faced with the same problem, since it is only with great difficulty that he can make sure that the original acquirer has not made copies of the program which he will continue to use after selling his material medium. To solve that problem, it is permissible for the distributor — whether 'classic' or 'digital' — to make use of technical protective measures such as product keys.

80 Since the copyright holder cannot object to the resale of a copy of a computer program for which that rightholder's distribution right is exhausted under Article 4(2) of Directive 2009/24, it must be concluded that a second acquirer of that copy and any subsequent acquirer are 'lawful acquirers' of it within the meaning of Article 5(1) of Directive 2009/24.

81 Consequently, in the event of a resale of the copy of the computer program by the first acquirer, the new acquirer will be able, in accordance with Article 5(1) of Directive 2009/24, to download onto his computer the copy sold to him by the first acquirer. Such a download must be regarded as a reproduction of a computer program that is necessary to enable the new acquirer to use the program in accordance with its intended purpose.

82 The argument put forward by Oracle, Ireland and the French and Italian Governments that the concept of 'lawful acquirer' in Article 5(1) of Directive 2009/24 relates only to an acquirer who is authorised, under a licence agreement concluded directly with the copyright holder, to use the computer programme cannot be accepted.

83 That argument would have the effect of allowing the copyright holder to prevent the effective use of any used copy in respect of which his distribution right has been exhausted under Article 4(2) of Directive 2009/24, by relying on his exclusive right of reproduction laid down in Article 4(1)(a) of that directive, and would thus render ineffective the exhaustion of the distribution right under Article 4(2).

84 In the case of a situation such as that at issue in the main proceedings, it must be recalled that in paragraphs 44 and 48 above it was found that the downloading onto the customer's server of a copy of the computer program on the rightholder's website and the conclusion of a user licence agreement for that copy form an indivisible whole which, as a whole, must be classified as a sale. Having regard to that indivisible link between the copy on the rightholder's website, as subsequently corrected and updated, on the one hand, and the user licence relating to the copy, on the other, the resale of the user licence entails the resale of 'that copy' within the meaning of Article 4(2) of Directive 2009/24, and thus benefits from the exhaustion of the distribution right under that provision,

notwithstanding the term in the licence agreement set out in paragraph 23 above.

85 As may be seen from paragraph 81 above, it follows that a new acquirer of the user licence, such as a customer of UsedSoft, will be able, as a 'lawful acquirer' within the meaning of Article 5(1) of Directive 2009/24 of the corrected and updated copy of the computer program concerned, to download that copy from the copyright holder's website, with that downloading constituting a reproduction of a computer program that is necessary to enable the new acquirer to use the program in accordance with its intended purpose.

86 It should be recalled, however, that, if the licence acquired by the first acquirer relates to a greater number of users than he needs, that acquirer is not authorised by the effect of the exhaustion of the distribution right under Article 4(2) of Directive 2009/24 to divide the licence and resell only the user right for the computer program concerned corresponding to a number of users determined by him, as explained in paragraphs 69 to 71 above.

87 Moreover, a copyright holder such as Oracle is entitled, in the event of the resale of a user licence entailing the resale of a copy of a computer program downloaded from his website, to ensure by all technical means at his disposal that the copy still in the hands of the reseller is made unusable.

88 It follows from the foregoing that the answer to Questions 1 and 3 is that Articles 4(2) and 5(1) of Directive 2009/24 must be interpreted as meaning that, in the event of the resale of a user licence entailing the resale of a copy of a computer program downloaded from the copyright holder's website, that licence having originally been granted by that rightholder to the first acquirer for an unlimited period in return for payment of a fee intended to enable the rightholder to obtain a remuneration corresponding to the economic value of that copy of his work, the second acquirer of the licence, as well as any subsequent acquirer of it, will be able to rely on the exhaustion of the distribution right under Article 4(2) of that directive, and hence be regarded as lawful acquirers of a copy of a computer program within the meaning of Article 5(1) of that directive and benefit from the right of reproduction provided for in that provision.

B. Tom Kabinet

European Court of Justice (Grand Chamber), 19 December 2019 (C-263/18)

The supply to the public by downloading, for permanent use, of an e-book is covered by the concept of 'communication to the public' and, more specifically, by that of 'making available to the public of [authors'] works in such a way that members of the public may access them from a place and at a time individually chosen by them', within the meaning of Article 3(1) of 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.

Judgment

...

2 The request has been made in proceedings between, on the one hand, Nederlands Uitgeversverbond ('NUV') and Groep Algemene Uitgevers ('GAU') and, on the other, Tom Kabinet Internet BV ('Tom Kabinet'), Tom Kabinet Holding BV and Tom Kabinet Uitgeverij BV concerning the provision of an online service consisting in a virtual market for 'second-hand' e-books.

...

20 NUV and GAU, associations whose purpose it is to defend the interests of Netherlands publishers, were mandated by several publishers to ensure that the copyright granted to them by copyright holders by means of exclusive licences is protected and observed.

21 Tom Kabinet Holding is the sole shareholder of Tom Kabinet Uitgeverij, a publisher of books, e-books and databases, and also of Tom Kabinet. Tom Kabinet operates a website on which, on 24 June 2014, it launched an online service consisting in a virtual market for 'second-hand' e-books.

22 On 1 July 2014, NUV and GAU brought an action under the Law on copyright against Tom Kabinet, Tom Kabinet Holding and Tom Kabinet Uitgeverij before the urgent applications judge at the rechtbank Amsterdam (District Court, Amsterdam, Netherlands) in respect of that online service. The rechtbank Amsterdam (District Court, Amsterdam) dismissed their application on the ground that, according to that court, there was no *prima facie* breach of copyright.

23 NUV and GAU appealed against that decision before the Gerechtshof te Amsterdam (Court of Appeal, Amsterdam, Netherlands), which, by judgment of 20 January 2015, upheld the decision but prohibited Tom

Kabinet from offering an online service that allowed the sale of unlawfully downloaded e-books. No appeal on a point of law was lodged against that judgment.

24 From 8 June 2015 onwards, Tom Kabinet modified the services offered up to that point and replaced them with the '*Tom Leesclub*' (Tom reading club, 'the reading club'), within which Tom Kabinet is an e-book trader. In return for payment of a sum of money, the reading club offers its members 'second-hand' e-books which have been either purchased by Tom Kabinet or donated to Tom Kabinet free of charge by members of the club. In the latter case, those members must provide the download link in respect of the book in question and declare that they have not kept a copy of the book. Tom Kabinet then uploads the e-book from the retailer's website and places its own digital watermark on it, which serves as confirmation that it is a legally acquired copy.

25 Initially, e-books available through the reading club could be purchased for a fixed price of EUR 1.75 per e-book. Once payment had been made, the member could download the e-book from Tom Kabinet's website and subsequently resell it to Tom Kabinet. Membership of the reading club was subject to payment by members of a monthly subscription of EUR 3.99. Any e-book provided free of charge by a member resulted in that member being entitled to a discount of EUR 0.99 on the following month's subscription.

26 Since 18 November 2015, payment of a monthly subscription has ceased to be a requirement of membership of the reading club. On the one hand, the price of every e-book is now set at EUR 2. On the other hand, the members of the reading club also need 'credits' in order to be able to acquire an e-book through the reading club; credits can be obtained by providing the club with an e-book, either for consideration or free of charge. Such credits can also be purchased when making an order.

27 NUV and GAU applied to the rechtbank Den Haag (District Court, The Hague, Netherlands) for an injunction prohibiting Tom Kabinet, Tom Kabinet Holding and Tom Kabinet Uitgeverij, on pain of a periodic penalty payment, from infringing the copyright of NUV's and GAU's affiliates by the making available or the reproduction of e-books. In particular, in their view Tom Kabinet is, in the context of the reading club, making an unauthorised communication of e-books to the public.

28 In an interim judgment of 12 July 2017, the referring court found that the e-books at issue were to be classified as works, within the meaning of Directive 2001/29, and that Tom Kabinet's offer, in circumstances such as those at issue in the main proceedings, did not constitute a communication to the public of those works, within the meaning of Article 3(1) of that directive.

29 The referring court observes, however, that the answers to the questions as to whether the making available remotely by the downloading, for payment, of an e-book for use for an unlimited period may constitute an act of distribution for the purposes of Article 4(1) of Directive 2001/29, and as to whether the right of distribution may thus be exhausted, within the meaning of Article 4(2) of that directive, are unclear. It also wonders whether the copyright holder may, in the event of a resale, object, on the basis of Article 2 of that directive, to the acts of reproduction necessary for the lawful transmission between subsequent purchasers of the copy for which the distribution right is, if such be the case, exhausted. Nor is the answer to be given to that question apparent from the case-law of the Court of Justice, according to the referring court.

30 In those circumstances, the rechtbank Den Haag (District Court, The Hague) decided to stay the proceedings and to refer the following questions to the Court of Justice for a preliminary ruling:

- '(1) Is Article 4(1) of [Directive 2001/29] to be interpreted as meaning that "any form of distribution to the public by sale or otherwise of the original of their works or copies thereof" as referred to therein includes the making available remotely by downloading, for use for an unlimited period, of e-books (being digital copies of books protected by copyright) at a price by means of which the copyright holder receives remuneration equivalent to the economic value of the work belonging to him?
- (2) If question 1 is to be answered in the affirmative, is the distribution right with regard to the original or copies of a work as referred to in Article 4(2) of [Directive 2001/29] exhausted in the European Union, when the first sale or other transfer of that material, which includes the making available remotely by downloading, for use for an unlimited period, of e-books (being digital copies of books protected by copyright) at a price by means of which the copyright holder receives remuneration equivalent to the economic value of the work belonging to him, takes place in the European Union through the rightholder or with his consent?
- (3) Is Article 2 of [Directive 2001/29] to be interpreted as meaning that a transfer between successive acquirers of a lawfully acquired copy in respect of which the distribution right has been exhausted constitutes consent to the acts of reproduction referred to therein, in so far as those acts of reproduction are necessary for the lawful use of that copy and, if so, which conditions apply?
- (4) Is Article 5 of [Directive 2001/29] to be interpreted as meaning that the copyright holder may no longer oppose the acts of reproduction necessary for a transfer between successive

acquirers of the lawfully acquired copy in respect of which the distribution right has been exhausted and, if so, which conditions apply?’

Consideration of the questions referred

The first question

31 It should be noted as a preliminary point that, in the procedure laid down by Article 267 TFEU providing for cooperation between national courts and the Court of Justice, it is for the latter to provide the national court with an answer which will be of use to it and enable it to determine the case before it. To that end, the Court may have to reformulate the questions referred to it. The Court has a duty to interpret all provisions of EU law which national courts require in order to decide on the actions pending before them, even if those provisions are not expressly indicated in the questions referred to the Court by those courts (judgment of 13 September 2016, *Rendón Marín*, C-165/14, EU:C:2016:675, paragraph 33 and the case-law cited).

32 To that end, the Court can extract from all the information provided by the national court, in particular from the grounds of the order for reference, the points of EU law which require interpretation in view of the subject matter of the dispute in the main proceedings (judgment of 13 September 2016, *Rendón Marín*, C-165/14, EU:C:2016:675, paragraph 34 and the case-law cited).

33 In the present case, although by its first question the referring court is asking the Court of Justice, in essence, whether the expression ‘any form of distribution to the public by sale or otherwise [of the original of authors’ works or of copies thereof]’, in Article 4(1) of Directive 2001/29, covers ‘the making available remotely by downloading, for use for an unlimited period, of e-books [...] at a price’, it is apparent from the grounds of the order for reference that the question arises as to whether, in the dispute that is pending before that court, the supply by downloading, for permanent use, of an e-book constitutes an act of distribution for the purposes of Article 4(1) of that directive, or whether such supply is covered by the concept of ‘communication to the public’ within the meaning of Article 3(1) of that directive. The crux of that question in the dispute in the main proceedings is whether such supply is subject to the rule on exhaustion of the distribution right provided for in Article 4(2) of that directive or whether, on the contrary, it falls outside such a rule, as expressly provided for in Article 3(3) of the directive in the case of the right of communication to the public.

34 In the light of these considerations, the first question put by the referring court must be reformulated to the effect that the referring court thereby asks, in essence, whether the supply by downloading, for permanent use, of an e-book is covered by the concept of ‘communication

to the public' within the meaning of Article 3(1) of Directive 2001/29, or by that of 'distribution to the public', as referred to in Article 4(1) of that directive.

35 As is apparent from Article 3(1) of Directive 2001/29, authors have the exclusive right to authorise or prohibit any communication to the public of their works, by wire or wireless means, including the making available to the public of their works in such a way that members of the public may access them from a place and at a time individually chosen by them.

36 Article 4(1) of that directive, on the other hand, provides that authors have, in respect of the original of their works or of copies thereof, the exclusive right to authorise or prohibit any form of distribution to the public by sale or otherwise, that right being, under Article 4(2) of that directive, exhausted where the first sale or other transfer of ownership in the European Union of the original or of a copy of the work is made by the rightholder or with his or her consent.

37 It cannot be determined, either on the basis of those provisions or of any other provision of Directive 2001/29, having regard to the wording alone, whether the supply by downloading, for permanent use, of an e-book constitutes a communication to the public, in particular a making available to the public of a work in such a way that members of the public may access it from a place and at a time individually chosen by them, or an act of distribution for the purposes of that directive.

38 According to settled case-law, the interpretation of a provision of EU law requires that account be taken not only of its wording, but also of its context, the objectives pursued by the rules of which it is part and, where appropriate, its origins (see, to that effect, judgments of 20 December 2017, *Acacia and D'Amato*, C-397/16 and C-435/16, EU:C:2017:992, paragraph 31, and of 10 December 2018, *Wightman and Others*, C-621/18, EU:C:2018:999, paragraph 47 and the case-law cited). EU legislation must, moreover, so far as possible, be interpreted in a manner that is consistent with international law, in particular where its provisions are intended specifically to give effect to an international agreement concluded by the European Union (judgments of 7 December 2006, *SGAE*, C-306/05, EU:C:2006:764, paragraph 35; of 13 May 2015, *Dimensione Direct Sales and Labianca*, C-516/13, EU:C:2015:315, paragraph 23; and of 19 December 2018, *Syed*, C-572/17, EU:C:2018:1033, paragraph 20 and the case-law cited).

39 In the first place, it must be noted that, as is apparent from recital 15 of Directive 2001/29, the directive serves, *inter alia*, to implement a number of the European Union's obligations under the WCT. It follows that the concepts of 'communication to the public' and 'distribution to the public' referred to in Article 3(1) and in Article 4(1) of that directive must, so far as possible, be interpreted in accordance with the definitions contained, respectively, in Article 8 and in Article 6(1) of the WCT (see, to

that effect, judgments of 17 April 2008, *Peek & Cloppenburg*, C-456/06, EU:C:2008:232, paragraph 31, and of 19 December 2018, *Syed*, C-572/17, EU:C:2018:1033, paragraph 21 and the case-law cited).

40 Article 6(1) of the WCT defines the right of distribution as the exclusive right of authors to authorise the making available to the public of the original and copies of their works through sale or other transfer of ownership. It is apparent from the wording of the Agreed Statements concerning Articles 6 and 7 of the WCT that 'the expressions "copies" and "original and copies", being subject to the right of distribution and the right of rental under the said Articles, refer exclusively to fixed copies that can be put into circulation as tangible objects', and therefore that Article 6(1) cannot cover the distribution of intangible works such as e-books.

41 The explanatory memorandum in the proposal for a European Parliament and Council Directive on the harmonisation of certain aspects of copyright and related rights in the Information Society of 10 December 1997 (COM(97) 628 final, 'the proposal for the directive'), which led to Directive 2001/29, is in line with that statement. It is noted there that the words 'including the making available to the public of [authors'] works in such a way that members of the public may access these works from a place and at a time individually chosen by them', which appear in Article 8 of the WCT and were essentially reproduced in Article 3(1) of Directive 2001/29, reflect the proposal that had been made in that respect by the European Community and its Member States during the negotiations, and concern 'interactive activities'.

42 In the second place, the European Commission also stated in the explanatory memorandum in the proposal for the directive that that proposal '[gave] an opportunity to provide for a coherent level playing field for the electronic and tangible distribution of protected material and to draw a clear line between them'.

43 In that context, the Commission noted that interactive on-demand transmission was a new form of exploitation of intellectual property, in relation to which the Member States were of the view that it should be covered by the right to control communication to the public, while stating that it was generally accepted that the distribution right, which applies exclusively to the distribution of physical copies, does not cover such transmission.

44 Still in that explanatory memorandum, the Commission added that the expression 'communication to the public' of a work covers acts of interactive on-demand transmission, thereby confirming that the right of communication to the public is also pertinent when several unrelated persons, who are members of the public, may have individual access, from different places and at different times, to a work which is on a publicly accessible website, while making clear that that right covers any

communication 'other than the distribution of physical copies', since physical copies which can be put into circulation as tangible objects are covered by the distribution right.

45 It thus follows from that explanatory memorandum that the intention underlying the proposal for the directive was that any communication to the public of a work, other than the distribution of physical copies of the work, should be covered not by the concept of 'distribution to the public', referred to in Article 4(1) of Directive 2001/29, but by that of 'communication to the public' within the meaning of Article 3(1) of that directive.

46 In the third place, it should be noted that that interpretation is supported by the aim of that directive, as set out in the preamble thereto, and by the context of Article 3(1) and Article 4(1) of that directive.

47 It is clear from recitals 2 and 5 of Directive 2001/29 that that directive seeks to create a general and flexible framework at EU level in order to foster the development of the information society and to adapt and supplement the current law on copyright and related rights in order to respond to technological development, which has created new ways of exploiting protected works (judgment of 24 November 2011, *Circul Globus Bucureşti*, C-283/10, EU:C:2011:772, paragraph 38).

48 It is, moreover, apparent from recitals 4, 9 and 10 of that directive that its principal objective is to establish a high level of protection of authors, allowing them to obtain an appropriate reward for the use of their works, including when a communication to the public takes place (see, to that effect, judgment of 19 November 2015, *SBS Belgium*, C-325/14, EU:C:2015:764, paragraph 14 and the case-law cited).

49 In order to achieve that objective, 'communication to the public' should, as is underlined by recital 23 of Directive 2001/29, be understood in a broad sense covering all communication to the public not present at the place where the communication originates and, thus, any such transmission or retransmission of a work to the public by wire or wireless means, including broadcasting (see, to that effect, judgments of 7 December 2006, *SGAE*, C-306/05, EU:C:2006:764, paragraph 36, and of 13 February 2014, *Svensson and Others*, C-466/12, EU:C:2014:76, paragraph 17 and the case-law cited).

50 Recital 25 of that directive adds that rightholders recognised by that directive should have an exclusive right to make their works available to the public by way of interactive on-demand transmissions, such transmissions being characterised by the fact that members of the public may access them from a place and at a time individually chosen by them.

51 Furthermore, recitals 28 and 29 of Directive 2001/29, relating to the distribution right, state, respectively, that that right includes the exclusive

right to control 'distribution of the work incorporated in a tangible article' and that the question of exhaustion of the right does not arise in the case of services and online services in particular, it being made clear that, unlike CD-ROM or CD-I, where the intellectual property is incorporated in a material medium, namely an item of goods, every online service is in fact an act which should be subject to authorisation where the copyright or related right so provides.

52 In the fourth place, an interpretation of the distribution right referred to in Article 4(1) of Directive 2001/29 as applying only to the distribution of works incorporated in a material medium follows equally from Article 4(2) of that directive, as interpreted by the Court in relation to exhaustion of that right, the Court having ruled that the EU legislature, by using the terms 'tangible article' and 'that object' in recital 28 of that directive, wished to give authors control over the initial marketing in the European Union of each tangible object incorporating their intellectual creation (judgment of 22 January 2015, *Art & Allposters International*, C-419/13, EU:C:2015:27, paragraph 37).

53 Admittedly, as the referring court notes, the Court of Justice has ruled, in relation to the exhaustion of the right of distribution of copies of computer programs mentioned in Article 4(2) of Directive 2009/24, that it does not appear from that provision that exhaustion is limited to copies of computer programs on a material medium, but that, on the contrary, that provision, by referring without further specification to the 'sale ... of a copy of a program', makes no distinction according to the tangible or intangible form of the copy in question (judgment of 3 July 2012, *UsedSoft*, C-128/11, EU:C:2012:407, paragraph 55).

54 However, as the referring court correctly points out and as the Advocate General noted in point 67 of his Opinion, an e-book is not a computer program, and it is not appropriate therefore to apply the specific provisions of Directive 2009/24.

55 In that regard, first, as the Court expressly stated in paragraphs 51 and 56 of the judgment of 3 July 2012, *UsedSoft* (C-128/11, EU:C:2012:407), Directive 2009/24, which concerns specifically the protection of computer programs, constitutes a *lex specialis* in relation to Directive 2001/29. The relevant provisions of Directive 2009/24 make abundantly clear the intention of the EU legislature to assimilate, for the purposes of the protection laid down by that directive, tangible and intangible copies of computer programs, so that the exhaustion of the distribution right under Article 4(2) of Directive 2009/24 concerns all such copies (see, to that effect, judgment of 3 July 2012, *UsedSoft*, C-128/11, EU:C:2012:407, paragraphs 58 and 59).

56 Such assimilation of tangible and intangible copies of works protected for the purposes of the relevant provisions of Directive 2001/29 was not, however, desired by the EU legislature when it adopted that directive. As

has been recalled in paragraph 42 of the present judgment, it is apparent from the *travaux préparatoires* for that directive that a clear distinction was sought between the electronic and tangible distribution of protected material.

57 Second, the Court noted in paragraph 61 of the judgment of 3 July 2012, *UsedSoft* (C-128/11, EU:C:2012:407) that, from an economic point of view, the sale of a computer program on a material medium and the sale of a computer program by downloading from the internet are similar, since the online transmission method is the functional equivalent of the supply of a material medium. Accordingly, interpreting Article 4(2) of Directive 2009/24 in the light of the principle of equal treatment justifies the two methods of transmission being treated in a similar manner.

58 The supply of a book on a material medium and the supply of an e-book cannot, however, be considered equivalent from an economic and functional point of view. As the Advocate General noted in point 89 of his Opinion, dematerialised digital copies, unlike books on a material medium, do not deteriorate with use, and used copies are therefore perfect substitutes for new copies. In addition, exchanging such copies requires neither additional effort nor additional cost, so that a parallel second-hand market would be likely to affect the interests of the copyright holders in obtaining appropriate reward for their works much more than the market for second-hand tangible objects, contrary to the objective referred to in paragraph 48 of the present judgment.

59 Even if an e-book were to be considered complex matter (see, to that effect, judgment of 23 January 2014, *Nintendo and Others*, C-355/12, EU:C:2014:25, paragraph 23), comprising both a protected work and a computer program eligible for protection under Directive 2009/24, it would have to be concluded that such a program is only incidental in relation to the work contained in such a book. As the Advocate General noted in point 67 of his Opinion, an e-book is protected because of its content, which must therefore be considered to be the essential element of it, and the fact that a computer program may form part of an e-book so as to enable it to be read cannot therefore result in the application of those specific provisions.

60 The referring court also states that the supply of an e-book, in circumstances such as those of the main proceedings, does not satisfy the conditions set by the Court for classification as a communication to the public, within the meaning of Article 3(1) of Directive 2001/29. In particular, the referring court notes that, if there is no communication of the actual content of the protected work in the offer of sale of the e-book on the reading club platform, there can be no question of an act of communication. Moreover, there would be no public, the e-book being made available only to a single member of the reading club.

61 In that regard, it is clear from Article 3(1) of Directive 2001/29 that the concept of 'communication to the public' involves two cumulative criteria, namely an act of communication of a work and the communication of that work to a public (judgment of 14 June 2017, *Stichting Brein*, C-610/15, EU:C:2017:456, paragraph 24 and the case-law cited).

62 As regards, in the first place, the question whether the supply of an e-book, such as that at issue in the main proceedings, constitutes an act of communication within the meaning of Article 3(1) of Directive 2001/29, it must be noted, as is recalled in paragraph 49 of the present judgment, that 'communication to the public' within the meaning of that provision covers any transmission or retransmission of a work to the public not present at the place where the communication originates, by wire or wireless means.

63 In addition, as regards the concept of 'making available to the public' within the meaning of that same provision, which forms part of the wider concept of 'communication to the public', the Court has held that, in order to be classified as an act of making available to the public, an act must meet, cumulatively, both conditions set out in the provision, namely that members of the public may access the protected work from a place and at a time individually chosen by them (see, to that effect, judgment of 26 March 2015, *C More Entertainment*, C-279/13, EU:C:2015:199, paragraphs 24 and 25), irrespective of whether the persons comprising that public avail themselves of that opportunity (see, to that effect, judgment of 14 June 2017, *Stichting Brein*, C-610/15, EU:C:2017:456, paragraph 31 and the case-law cited).

64 As regards, specifically, the making available to the public of a work or a protected article in such a way that members of the public may access it from a place and at a time individually chosen by them, it is apparent from the explanatory memorandum in the proposal for the directive that 'the critical act is the "making available of the work to the public", thus the offering [of] a work on a publicly accessible site, which precedes the stage of its actual "on-demand transmission"', and that 'it is not relevant whether any person actually has retrieved it or not'.

65 In the present case, it is common ground that Tom Kabinet makes the works concerned available to anyone who is registered with the reading club's website, that person being able to access the site from a place and at a time individually chosen by him or her. Accordingly, the supply of such a service must be considered to be the communication of a work within the meaning of Article 3(1) of Directive 2001/29, irrespective of whether that person avails himself or herself of that opportunity by actually retrieving the e-book from that website.

66 In the second place, in order to be categorised as a 'communication to the public' within the meaning of that provision, the protected works must

in fact be communicated to the public (see, to that effect, judgment of 14 June 2017, *Stichting Brein*, C-610/15, EU:C:2017:456, paragraph 40 and the case-law cited), that communication being directed at an indeterminate number of potential recipients (judgment of 7 December 2006, *SGAE*, C-306/05, EU:C:2006:764, paragraph 37 and the case-law cited).

67 It is also apparent from the explanatory memorandum in the proposal for the directive, first, as is recalled in paragraph 44 of the present judgment, that the right of communication to the public is also pertinent when several unrelated persons (members of the public) may have individual access, from different places and at different times, to a work which is on a publicly available website and, second, that the public consists of individual members of the public.

68 In that regard, the Court has previously had occasion to clarify, first, that the concept of 'public' involves a certain *de minimis* threshold, which excludes from that concept a group of persons concerned that is too small, and, second, that in order to determine that number, the cumulative effect of making a protected work available, by downloading, to potential recipients should be taken into consideration. Account should therefore be taken, in particular, of the number of persons able to access the work at the same time, but also of how many of them may access it in succession (see, to that effect, judgment of 14 June 2017, *Stichting Brein*, C-610/15, EU:C:2017:456, paragraph 41 and the case-law cited).

69 In the present case, having regard to the fact, noted in paragraph 65 of the present judgment, that any interested person can become a member of the reading club, and to the fact that there is no technical measure on that club's platform ensuring that (i) only one copy of a work may be downloaded in the period during which the user of a work actually has access to the work and (ii) after that period has expired, the downloaded copy can no longer be used by that user (see, by analogy, judgment of 10 November 2016, *Vereniging Openbare Bibliotheken*, C-174/15, EU:C:2016:856), it must be concluded that the number of persons who may have access, at the same time or in succession, to the same work via that platform is substantial. Consequently, subject to verification by the referring court taking into account all the relevant information, the work in question must be regarded as being communicated to a public, within the meaning of Article 3(1) of Directive 2001/29.

70 Last, the Court has held that, in order to be categorised as a communication to the public, a protected work must be communicated using specific technical means, different from those previously used or, failing that, to a new public, that is to say, to a public that was not already taken into account by the copyright holders when they authorised the initial communication of their work to the public (judgment of 14 June

2017, *Stichting Brein*, C-610/15, EU:C:2017:456, paragraph 28 and the case-law cited).

71 In the present case, since the making available of an e-book is, as NUV and GAU have noted, generally accompanied by a user licence authorising the user who has downloaded the e-book concerned only to read that e-book from his or her own equipment, it must be held that a communication such as that effected by Tom Kabinet is made to a public that was not already taken into account by the copyright holders and, therefore, to a new public within the meaning of the case-law cited in the preceding paragraph of the present judgment.

72 In the light of all the foregoing considerations, the answer to the first question is that the supply to the public by downloading, for permanent use, of an e-book is covered by the concept of 'communication to the public' and, more specifically, by that of 'making available to the public of [authors'] works in such a way that members of the public may access them from a place and at a time individually chosen by them', within the meaning of Article 3(1) of Directive 2001/29.

The second, third and fourth questions

73 In view of the answer given to the first question, there is no need to answer the second, third and fourth questions.

Right of Quotation, Sec. 51 UrhG

Entire works, or parts thereof, may be recognizably adopted to the extent required by the purpose of the citation. The prerequisite is that the quotation serves to create a work eligible for copyright protection and is intended to support the author's own statements.

Quotations are not permitted if they spare or replace own explanations. They must not be so extensive that they independently support the new work over long stretches.

1. Large quotation, Sec. 51 No. 1 UrhG

It must be a scientific work.

Science is the methodical-systematic pursuit of knowledge.

(+) for dissertations, even if their value is low

(-) in the case of entertainment publications with an instructional content or collective works

Only individual works of an author may be included. The number depends on the type and content of the scientific work in each individual case. However, only a few works by the same author may be included at a time.

2. Small citation, Sec. 51 No. 2 UrhG

In works other than scientific works, only small quotation is allowed. The language work is only one example ("in particular").

Also eligible:

- Movies
- Pantomime works
- Works of dance art

The citation must be used for proof, explanation, or as a means of artistic composition, and must be from a published work, not necessarily published.

Allowed:

- To print excerpts from it in a critique of a composition
- To reproduce in an essay individual verses from a poem
- Exceptionally, the reproduction of entire works if they cannot be meaningfully reproduced in fractions due to their size or due to the nature of the work (e.g. caricature).

Not allowed:

- Merely bringing the quoted work to the attention of others (using a movie quote on a talk show to "set the mood").
- Inclusion in a collection of quotations when the editor of the collection merely selects and organizes the quotations.

3. Music citation, Sec. 51 No. 3 UrhG

The cited work must have appeared and been published.

May be cited:

- Motifs
- Themes, e.g. the Marseillaise in Tchaikovsky's 1812 Overture
- melodies.

Caricature, Parody and Pastiche, Sec. 51a UrhG

The reproduction, distribution and public communication of a published work for the purpose of caricature, parody and pastiche is permitted, Sec. 51a sentence 1 UrhG.

The legal basis under EU law is Art. 5 (3) lit. k of Directive 2001/29/EC.

I. Requirements

Sec. 51a UrhG privileges uses that show perceptible differences from the original work, serve the purpose of discussion and can be assigned to at least one of the three conclusively named categories.

1. Perceptible differences from the original work

The privileged use must show perceptible differences from the original work, because otherwise there is a plagiarism inadmissible under copyright law. On the other hand, a "fading" of the original work is not required, because otherwise there would already be a free use, see Sec. 23 (1) 2 UrhG.

2. Purpose of the Discussion

Sec. 51a UrhG requires that the use of the preexisting work serves a content-related or artistic discussion of the user with the work or another object of reference (third person, other work or social circumstance).

3. Categories covered

Parody = Humorous or mocking confrontation

Caricature = Pictorial representation which, by satirical emphasis or exaggerated depiction of certain characteristic traits, exposes a person, thing or event to ridicule.

Pastiche = Addressing a pre-existing work as an expression of appreciation or reverence.

Ex: Meme, GIF, Mashup, Fan Fiction or Sampling

4. Irrelevant

It is not relevant for the limits of Sec. 51a UrhG,

- whether the act is personal or business,
- which medium, art form or genre is chosen and
- whether the use of the third party's work results in a new personal intellectual creation within the meaning of Sec. 2 (2) UrhG (in this respect still different according to Sec. 24 UrhG old version).

II. Scope of privilege

The reproduction, distribution and public communication of the published pre-existing work is permitted, Sec. 51a p. 1 UrhG.

In addition, the use of an illustration or other reproduction protected by copyright is permitted, Sec. 51a p. 2 UrhG (cf. also Sec. 51 p. 3 UrhG).

There is no obligation to cite the source (cf. ECJ GRUR 2014, 972 para. 33 – *Deckmyn*).

Private Use, Sec. 53 UrhG

Individual (BGH GRUR 1978, 474 – *Vervielfältigungsstücke*: up to seven) copies may be produced for private use. However, the master copy must not have been produced in an obviously illegal manner or made publicly accessible in an illegal manner.

Problematic for music file sharing, file sharing systems, movie downloads

1. Private use, Sec. 53 (1) UrhG

Use within the private sphere by the natural person who makes the reproduction or has it made.

Both analog and digital reproductions are permitted.

In the case of transfer to image or sound carriers and reproduction of works of fine arts, the reproduction by third parties must be free of charge.

Exceptions are regulated in Sec. 53 (4), (5), (7), 69c No. 1 UrhG.

Accordingly, permissible is:

- Taking notes (not recording e.g. via cell phone) of a lecture and handing over the transcript to fellow students
- Transcriptions by hand or PC of borrowed books
- Recording piano pieces for your own control
- Recording of radio broadcasts by tape recorders or video recorders
- Copying CDs or DVDs, insofar as these do not have a protective device against dubbing (cf. Sec. 95a et seq. UrhG).

- Use of an Internet video recorder or an Internet radio recorder if completely automated process and the recordings are not previously stored on servers of the service provider (BGH GRUR 2020, 738 para. 26 et seq. – *Internet radio recorder*)

2. Other personal use, Sec. 53 (2) UrhG

According to paragraph 2, legal persons may also produce duplicate copies.

Beneficiaries are:

- Archival purposes, insofar as it is required for inclusion in its own archive and its own work is used as a template;
- Radio broadcasts may be reproduced for information purposes, i.e. for the purpose of informing oneself about current affairs;
- Other own purposes, if
 - it concerns small parts of a published work or individual contributions;
 - it is a work that has been out of print for at least two years

Protection of Technical Measures, Sec. 95a et. seq. UrhG

Ratio:

Technical progress increasingly allows the protection of copyrighted works by technical security measures ("The answer to the machine lies within the machine"). Sec. 95a et seq. of the Copyright Act serve to safeguard such systems as well as to balance the legitimate interests of users.

Protection of technical measures, Sec. 95a UrhG

- Circumvention: enabling access or a use of the work or performance and consequently depriving the rightholder of control.
- Definition of effective technical measures, para. 2:
A technical measure is also effective if it is possible to circumvent it. According to the prevailing opinion, the criterion is whether the measure at least prevents the "average user".
- Prohibition of preparatory acts, para. 3

Legal consequences of infringement of Sec. 95a UrhG

Depending on the legal nature:

- One opinion: Copyright, protection according to Sec. 97 et seq. UrhG Arguing against it:
Wording (neither copyright, nor other right)
No amendment of Sec. 97 UrhG upon introduction of Sec. 95a UrhG by legislator
Asymmetry to the copyright limitation provisions pursuant to Sec. 95b (1), (3) UrhG
- Other opinion: Violation of a protective law, Sec. 823 (2), 1004 BGB

Enforcement of limitation provisions, Sec. 95b UrhG

- Correction of the consequences of technical protection measures with regard to the legal barrier provisions
- No right to self help ("No right to hack")

Protection of information required for the management of rights, Sec. 95c UrhG

Electronic metadata is protected from modification or removal as the foundation of rights management in the digital and networked realm

Labeling obligation, Sec. 95d UrhG

Obligation to indicate restriction of the possibility of use and against whom claims under Sec. 95b (2) are to be directed

Ex: Label on CD

Legal consequences of infringement of Sec. 95d UrhG

- Warranty for defects according to Sec. 434 et seq. BGB
- Tortious protection according to Sec. 823 (2), 1004 BGB
- Misleading advertising by omission pursuant to Sec. 5a UWG
- Breach of law, Sec. 3, 3a UWG

Three-Step-Test

Ratio:

Restriction of the national legislator to introduce limitation provisions to protect the author from the erosion of his rights

Origin:

Originally in Art. 9 (2) RBÜ

Later also in Art. 13 TRIPS

From there in Art. 10 (1), (2) WCT as well as Art. 16 (1), (2) WPPT

Finally, in Art. 5 (5) of Directive 2001/29/EG

Content:

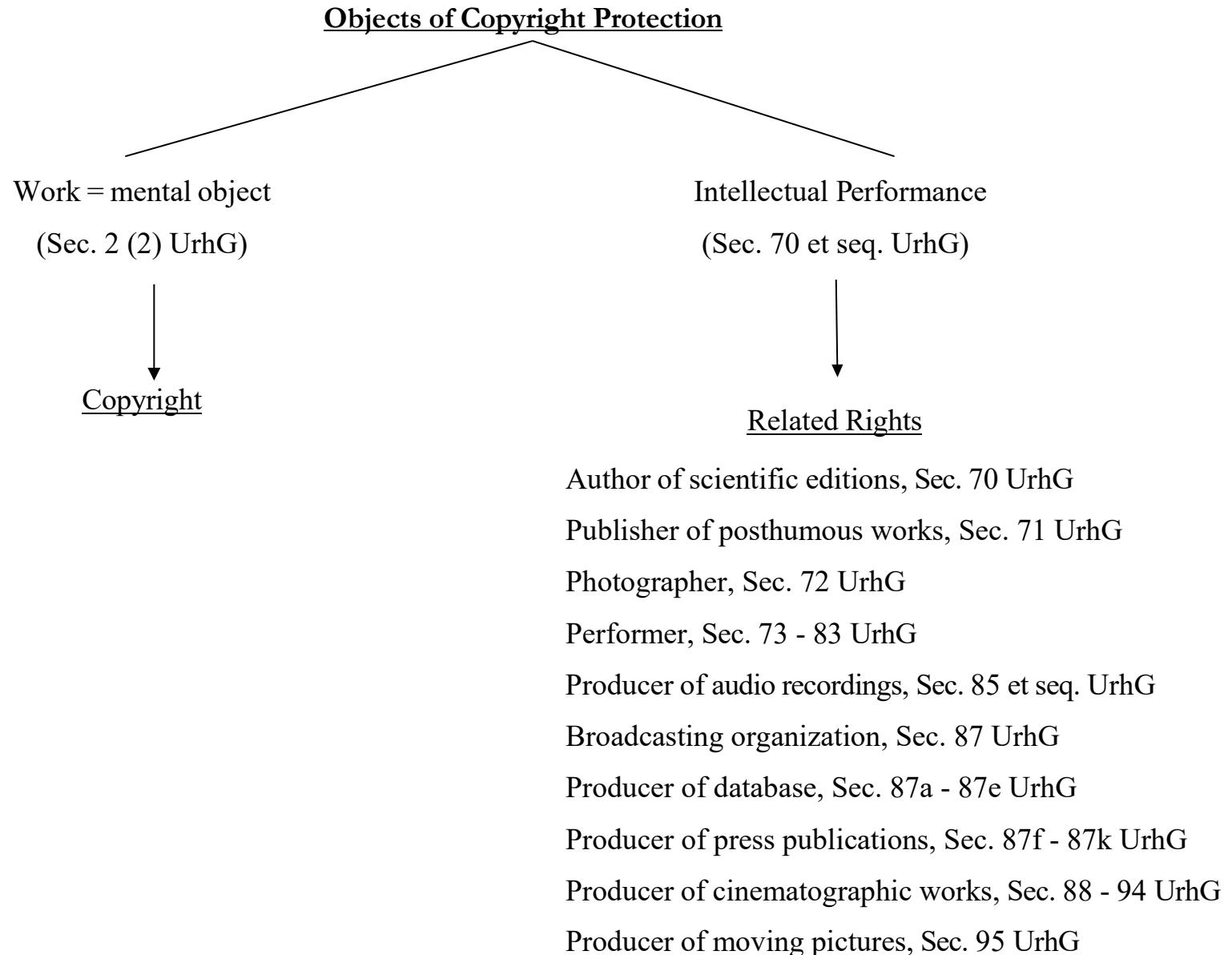
1. Limitation to certain special cases,
2. that do not impair the normal evaluation of the work and
3. not unreasonably prejudice the legitimate interests of the author

Example: Screen and cache copies (+)

(ECJ GRUR 2014, 654 para. 54 et seq. – *PRCA/NLA*)

Movie player with preloaded link lists (-)

(ECJ GRUR 2017, 610 para. 70 et seq. – *Stichting Brein/ Wullems*)



Related Rights

Author of Scientific Editions, Sec. 70 UrhG

Subject matter of protection: editions of works and texts not protected by copyright as a result of scientific sifting activity, which differ substantially from the previously known editions of the works or texts (para. 1).

Holder: Author (para. 2)

Term of protection: 25 years from the production of the edition (para. 3)

Publisher of Posthumous Works, Sec. 71 UrhG

Subject matter of protection: A work that has been published or publicly reproduced with permission and in which copyright no longer exists (para. 1).

Owner: Publisher (case 1) or the person (case 2) who effects the communication to the public (para. 1).

Term of protection: 25 years after publication of the work or after communication to the public, if such communication has taken place previously (para. 3).

Photographer, Sec. 72 UrhG

Subject matter of protection: Photographs are photos of any kind that do not attain the work quality of Sec. 2 (1) No. 5, (2) UrhG. Thus, the purely technical performance is protected. Similar products are those which are produced using radiant energy, e.g. photocopies. Computer images and animations are controversial (para. 1).

Holder: The Photographer (Par. 2)

Term of protection: 50 years after publication of the photograph or its first public reproduction, if this took place beforehand. If neither of these occurred, the right expires 50 years after the production of the photograph (para. 3).

Performer, Sec. 73 - 83 UrhG

Subject of protection: personal rights (Sec. 74, 75 UrhG) and rights of use (Sec. 77, 78 UrhG)

Owner: The performing artist, Sec. 73 UrhG

Term of protection: The personal rights expire 50 years after the death of the artist, Sec. 76 p. 1 UrhG. The rights of use expire according to Sec. 82 p. 1 UrhG in principle 50 years after the first appearance or first public reproduction of the recording. In both cases, the period begins with the expiry of the year in accordance with Section 69 (2) 2 UrhG.

Producer of Audio Recordings, Sec. 85 et seq. UrhG

Object of protection: The performance embodied in the audio recordings as an immaterial good (Sec. 85 (1) UrhG)

Owner: The audio recording producer is the person who bears the economic and organizational responsibility for recording the performance (Sec. 85 (1) UrhG)

Term of protection: 50 years after first appearance or earlier first permitted public reproduction. If neither occurred, 50 years after production. The term begins according to Sec. 69 (2) 2 UrhG at the end of the year (Sec. 85 (3) UrhG).

Broadcasting Organization, Sec. 87 UrhG

Subject matter of protection: Organizational-economic performance of the event or the performance of radio broadcasts (para. 1)

Owner: A broadcasting organization is the company that is organizationally and economically responsible for broadcasting its own programming (Par. 1).

Term of protection: 50 years after the first broadcast, the term begins according to Sec. 69 (2) 2 UrhG only after the end of the year of the first broadcast (para. 3)

Producer of Database, Sec. 87a - 87e UrhG

Subject matter of protection: databases, Sec. 87a I UrhG. In contrast to the database works of Sec. 4 (2) UrhG, it is not the selection or arrangement of the elements contained therein, but the entirety of the content collected, arranged and made individually accessible at substantial investment, that is protected as intangible property.

Owner: database producer, Sec. 87a (2) UrhG

Term of protection: 15 years after publication, or in case of non-publication 15 years after production. The term begins according to Sec. 69 (2) 2 UrhG at the end of the year (Sec. 87d UrhG).

Producer of Press Publications, Sec. 87f - 87k UrhG

Subject matter of protection: press product or parts thereof, Sec. 87g (1) UrhG

Owner: Manufacturer of a press product (press publisher)

Term of protection: Two years after publication, Sec. 87j UrhG

Producer of Cinematographic Works, §§ 88 - 94 UrhG

Object of protection: The film recording performance as an intangible good that is fixed for the first time on the image or image and sound carrier (Sec. 94 (1) UrhG)

Owner: Whoever actually provides the organizational and economic performance of the film production (Sec. 94 (1) UrhG)

Term of protection: 50 years after first appearance or earlier, first permitted public reproduction. If neither occurred, 50 years after production (Sec. 94 (3) UrhG).

Producer of Moving Pictures, Sec. 95 UrhG

Subject matter of protection: Moving pictures are films without work quality within the meaning of Sec. 2 (1) No. 6, (2) UrhG. Sec. 88, 89 (4), 90, 93, 94 UrhG are applied accordingly.

Owner: The person who actually performs the organizational and economic service of creating the moving picture (Sec. 95, 94 (1) UrhG).

Term of protection: 50 years after first appearance or earlier first permitted public reproduction. Otherwise 50 years after production (Sec. 95, 94 (3) UrhG).

Differences between Copyright and Related Rights

Copyright	Related Rights
Work	Mediation
Creation	Artistic or entrepreneurial performance or investment
Non-transferability	Transferability
70 years post mortem auctoris	Between 15 and 50 years

Table of Statutes

PC (PVÜ)	Paris Convention for the Protection of Industrial Property of 20.3.1883
TRIPS	Agreement on Trade-Related Aspects of Intellectual Property Rights, Including Trade in Counterfeit Goods, 1994
MMA	Madrid Agreement concerning the International Registration of Marks of 14.4.1891 ("Madrid Agreement")
PMMA	Protocol relating to the Madrid Agreement concerning the International Registration of Marks of 27 June 1989 (also referred to as "MMP")
TRT	Trade Mark Registration Treaty of 7.8.1980
TLT	Trade Mark Law Treaty of 1.8.1996
MHA	Madrid Agreement of Origin
LUA	Lisbon Agreement on Origin
NKA	Nice classification agreement

Bilateral state treaties for the protection of geographical indications of source (with France, Italy, Greece, Switzerland and Spain)

Directive 2008/95/EC - Trade Mark Directive (old)

RL (EU) 2015/2436 – Trade Mark Directive (new)

Regulation (EU) 2017/1001 - EU Trade Mark Regulation (UMV)

Regulation (EU) No. 608/2013 - Piracy Regulation

Regulation (EU) No. 1151/2012 - Geographical Indications and Designations of Origin

Directive 2005/29/EC - Unfair Commercial Practices Directive

RL 2006/114/EC - Directive on misleading and comparative advertising

Directive 97/7/EC - Distance Selling Directive

RL 2000/31/EG - Directive on Electronic Commerce

Directive 2010/13/EU - Audiovisual Media Services

System of Protection Levels

International	PC (PVÜ)		
	TRIPS		
	(WIPO Model Provisions)	TLT TRT	MHA LUA
		Bilateral agreements (e.g. with France, Italy, Greece, Switzerland, Spain, Portugal)	
Union Law	Directive 2000/31/EG (Electronic Commerce) Directive 2005/29/EG (Unfair Trade Practices) Directive 2006/114/EG (Misleading and Comparative Advertising)	Directive 2008/95/EG (old) Directive (EU) 2015/2436 (new) EUTMR 2017/1001 GI-Regulation 1151/2012 Product Piracy Regulation 608/2013	
National	UWG	MarkenG	

Origin of Trade Mark Protection

1. Registered Trade Mark, Sec. 4 No. 1 MarkenG

Trade mark protection is established by registration of the sign in the trade mark register maintained by the DPMA.

The registration procedure is governed by Sec. 32 et seq. MarkenG.

2. Use Mark, Sec. 4 No. 2 MarkenG

Even without registration, trademark protection can arise through use of the sign in the course of trade if the sign has acquired public recognition as a trade mark within the relevant public.

The requirements for public recognition are less stringent than those for the acquisition of distinctiveness under Sec. 8 (3) of the MarkenG. A sign has public recognition if a not insignificant part of the target public establishes a connection between the sign and a certain company and recognizes the appearance of the sign.

The degree of awareness (“Verkehrsbekanntheit”) depends on the distinctive character of the sign. The weaker this is, the higher the degree of recognition must be. The *simple recognition by the public* required for normally distinctive signs is given with a degree of recognition of approx. 20 %. In order not to circumvent Sec. 8 (3) MarkenG, a *qualified recognition* is required to overcome the grounds for refusal of Sec. 8 (2) No. 1, 2, 3 MarkenG, which is regularly not less than 50 %. The grounds for refusal under Sec. 8 (2) No. 4-10 MarkenG also apply to use marks (BGH, GRUR 2013, 729 para. 18 - *READY TO FUCK*).

3. Well-known Mark, Sec. 4 No. 3 MarkenG

Trade mark protection without registration also arises for well-known marks from notorious reputation of the trade mark in the domestic market according to Art. 6^{bis} of the Paris Convention.

Well-known means that a trade mark is universally known in the trade. For this, a higher degree of recognition is required than for the reputation of use marks. As a rule, this is considered to be at around 70 %. In contrast to the use mark, domestic use is not required.

Distinctiveness

1. Abstract distinctiveness, Sec. 3 (1) MarkenG

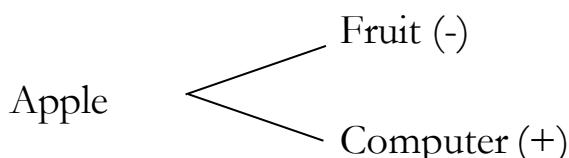
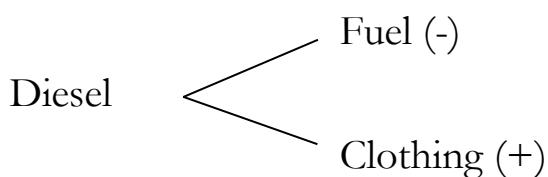
According to Sec. 3 (1) MarkenG, the sign must be capable of distinguishing of goods or services of one undertaking from those of other undertakings. This is to be determined *independently of any goods or services* and is therefore only to be rejected if such capability can be excluded under all conceivable circumstances.

Examples: An isolated point (".") or overlong character shapes (word or sound sequences).

2. Concrete distinctiveness, Sec. 8 (2) No. 1 MarkenG

According to Sec. 8 (2) No. 1 MarkenG, distinctiveness is required for *a specific product or service*. In contrast to abstract distinctiveness, there is a direct product reference. According to the wording ("any"), a generous standard is to be applied.

Examples of concrete distinctiveness:



Trade Mark Forms

I. Seeing

1. Word mark

a. Word marks

- aa. Single Words (Dash, BOSS)
- bb. Compound words (Ryanair, ThyssenKrupp)
- cc. Several words (Burger King, United Colours of Benetton)
- dd. Slogans (Everytime a good time)

b. Letter marks

BMW, ADAC

c. Numerical marks

4711, quattro

2. Figurative marks

Teapot, shell

3. Combination marks

a. Word/figurative marks

Dog with gramophone + HMV

b. Letter number marks

K2R, A 4, F 6

4. Color marks

Magenta, yellow-green

5. Mould marks

a. Three-dimensional designs (Odol bottle, Jaguar radiator figure)

b. Tracer mark (textiles, cables)

6. Position marker (button in ear)

7. Motion Markers

SAT1 balls, hologram, arm movement (ZDF)

8. Multimedia brand

II. Listening

Audio marks

1. Melodies (jingle)

2. Sounds (Tarzan cry, MGM lion)

III. Smelling

Odor marks (olfactory marks)

Scented toilet paper, scented phone cards, Smell of fresh cut grass

IV. Tasting

Taste marks (gustatory marks)

Taste of a lipstick or condom

V. Feeling

tactile marks (haptic or tactile marks)

Brand design for the blind

Absolute Grounds for Refusal

Absolute grounds for refusal must be examined ex officio prior to registration of the trade mark pursuant to Sec. 37 (1) MarkenG. These are in the following:

1. Not capable of being represented on the register, Sec. 8 (1) MarkenG, Art. 3 MRL

The mark must be capable of being represented on the register in a manner which enables the competent authorities and the public to determine the clear and precise subject matter of protection.

Materially, the so-called "Siekmann" criteria apply: The representation must be clear, precise, self-contained, easily accessible, intelligible, durable and objective (ECJ, GRUR Int. 2003, 449 - *Siekmann*).

2. Devoid of distinctive character, Sec. 8 (2) No. 1 MarkenG, Art. 4 I lit. b) MRL

Trademarks which are devoid of any distinctive character are excluded from registration. The subject matter of Sec. 8 (2) No. 1 MarkenG is the concrete distinctiveness, cf. slide Distinctiveness.

Any distinctive character, however slight, is sufficient to overcome this ground for refusal (BGH, GRUR 1999, 1096 - *Absolut*).

Cases of lack of distinctiveness are:

Figurative marks:

Simple geometric shapes; lifelike renderings of products or product packaging.

Word marks:

Generic product designations or common words of the German or a known foreign language (BGH, GRUR 1999, 1089 - YES; GRUR 1999, 1093 - FOR YOU; GRUR 2000, 97 - *Fünfer*).

The same principles apply to slogans (ECJ, GRUR 2010, 228 - *Audi*, para. 35). An imaginative surplus or an independently identifying element, such as a company sign, are not required (BGH, GRUR 2002, 1070, 1071 - *Bar jeder Vernunft*). Merely descriptive statements or praise and advertising statements of a general nature are not sufficient (BGH, WRP 2000, 301 - *Partner with the Best*). Indications for the distinctiveness of slogans can be brevity, a certain originality and conciseness of a word sequence as well as ambiguity and need for interpretation (BGH, GRUR 2002, 1070, 1071 - *Bar jeder Vernunft*). Longer word sequences are generally devoid of any distinctive character (BGH, GRUR 2010, 935 - *Die Vision*).

Color marks:

ECJ, GRUR Int. 2003, 638 para. 55, 65 - *Libertel Groep ("Color Orange")*: A color mark is not necessarily perceived by the relevant public in the same way as a word or figurative mark.

Consumers are not in the habit of making assumptions about the origin of goods from the color of goods or their packaging without graphic or word elements.

In addition, there is an increased general interest in the free availability of colors.

Shape marks:

If the three-dimensional mark is consistent with the external appearance, this is not regularly perceived by the public as an indication of origin in the same way as a word or figurative mark. Such an indication only exists if the shape departs significantly from the norm or customs of the sector (see ECJ, GRUR 2003, 514, 517 - *Linde*; ECJ, GRUR 2004, 428, 431 - *Henkel*; ECJ, GRUR Int. 2004, 631, 633 - *Procter & Gamble*; ECJ, GRUR Int. 2005, 135, 137 para. 31 - *Mag Instrument*).

Tactile marks:

With regard to the indication of origin, there is a parallel to three-dimensional marks. Thus, even in the case of a beverage packaging that conveys "the rough feeling of fine sandpaper", the public will only assume a "functional or aesthetically pleasing design of the goods packaging" (BPatG, GRUR 2008, 348, 350 - *Tastmarke*).

3. Descriptive indications, Sec. 8 (2) No. 2 MarkenG, Art. 4 I lit. c) MRL

According to Sec. 8 (2) No. 2 MarkenG, trademarks consisting exclusively of descriptive indications are excluded from registration (often overlapping with Sec. 8 (2) No. 1 MarkenG). In the case of these indications, there is a general interest that they may be freely used by anyone.

The need to keep products free is also cited by the Federal Court of Justice (BGH) to protect the "freedom to design products", which could be jeopardized if common designs of products are to be registered as shape marks (e.g. BGH, GRUR 2008, 1000 - *Käse in Blütenform II*).

4. Customary designations, Sec. 8 (2) No. 3 MarkenG, Art. 4 I lit. d) MRL

Trade marks are excluded from registration under Section 8 (2) No. 3 MarkenG if they have become customary designations.

A distinction must be made between generic designations and non-proprietary signs. Generic designations already fall under Sec. 8 (2) No. 1 and 2 MarkenG. Non-proprietary signs are originally distinctive signs which are used by several companies to designate certain goods or services and are therefore no longer understood by the public as signs (BGH, GRUR 1999, 1090 - YES).

The provision is to be interpreted very restrictively, since otherwise the trade mark would become a victim of its own success (e.g. "Uhu", "Tempo" and "Aspirin" are not yet nonproprietary marks; however, the Austrian OGH held "Walkman" to have become customary, WRP 2002, 841).

5. Deceptive designations, Sec. 8 (2) No. 4 MarkenG, Art. 4 I lit. g) MRL

Pursuant to Sec. 8 (2) No. 4 MarkenG, designations which are of such a nature as to deceive the public, in particular as to the nature, quality or geographical origin of the goods or services, are excluded from registration as trade marks. In this case, an application will only be refused if the suitability for deception is obvious (Sec. 37 (3) MarkenG).

Examples include a cow head or butter churn for margarine or a bull image for imitation leather.

6. Designations contrary to morality, Sec. 8 (2) No. 5 MarkenG, Art. 4 I lit. f) MRL

Pursuant to Sec. 8 (2) No. 5 MarkenG, trademarks shall not be registered if they are contrary to public policy or accepted principles of morality. A trade mark is immoral if it significantly offends the moral or ethical sensibilities of a wide public, e.g. "Ready to fuck" (BGH, GRUR 2013, 729) or "Headfuck" (BPatG, GRUR-RR 2013, 253).

An infringement of public policy requires a violation of the essential principles of German law (BGH, GRUR 1987, 525, 526 - *LITAFLEX*), e.g. "Dalailama" (BPatGE 46, 66 - *Dalailama*).

7. Other obstacles according to Sec. 8 (2) MarkenG:

Not registrable are domestic state emblems, state coats of arms, state flags, including those of municipalities, as well as coats of arms, flags or other signs of international intergovernmental organizations, Sec. 8 (2) No. 6, 8 MarkenG, Art. 4 I lit. h) MRL, e.g. "D-Info" in federal colors (BPatG, MarkenR 2005, 279).

Not registrable are official test or guarantee marks, Sec. 8 (2) No. 7 MarkenG, Art. 4 III lit. a) MRL, e.g. a calibration stamp.

According to Sec. 8 (2) No. 9 - 12 MarkenG, Art. 4 I lit. i) - l) MRL, certain protected designations are not registrable, namely

- geographical indications of origin,
(cf. Sections 126 et seq. MarkenG, Regulation No. 1151/2012)
- traditional designations for wines,
(cf. VO 1308/2013)
- traditional specialties (cf. VO 1151/2012) and
- Plant variety designations (cf. SortG)

Also not registrable are trade marks whose use may be prohibited under other provisions in the public interest, Sec. 8 (2) No. 13 MarkenG, Art. 4 III lit. c) MRL, e.g. "Reefer" (= marijuana cigarette) because of Sec. 30 BtMG (prohibition of advertising) for cigarettes (BPatGE 38, 127, 129 - REEFER).

Finally, trademarks whose application was filed in bad faith are not registrable, Sec. 8 (2) No. 14 MarkenG, Art. 4 II 2 MRL. Bad faith must be obvious to the DPMA under Sec. 37 (3) MarkenG. The purpose is to prevent the emergence of unjustified monopolies, e.g. by so-called blocking marks, by which only the use by third parties is to be prevented.

8. Well-known marks, Sec. 10 MarkenG

Trade marks are excluded from registration if they are identical with or similar to a trade mark that is well known in Germany within the meaning of Article 6^{bis} of the Paris Convention and if the other requirements of Sec. 9 (1) No. 1, 2 or 3 MarkenG are met, Sec. 10 (1) MarkenG.

According to Sec. 37 (4) MarkenG the authorities must know of the fact that the earlier trade mark is well known and the requirements of Sec. 9 (1) No. 1 or 2 MarkenG must be fulfilled. The relative grounds for refusal under Sec. 9 MarkenG correspond to the negative rights of exclusion under Sec. 14 (2) MarkenG.

Trade Mark Use

The infringement provisions of Sec. 14 (2) MarkenG require use as a trade mark in the sense of the function of origin. Accordingly, the trade mark must be used to distinguish goods and services as those of a particular undertaking (ECJ, GRUR Int. 1999, 438, para. 38 - *BMW*).

Use as a trade mark also exists if another's trade mark is used to make services distinctive, e.g. to refer to the repair of a certain vehicle brand (ECJ, GRUR Int. 1999, 438 - *BMW*). A reference to one's own undertaking is not necessary, the reference to the origin of the product from another undertaking is sufficient (ECJ, GRUR 2008, 698, para. 36 - *O2 Holdings and O2 (UK)*; BGH, GRUR 2005, 423, 425 - *Staubsaugerfiltertüten*).

1. Special cases:

Toy cars (ECJ, WRP 2007, 299, para. 23 - *Adam Opel AG; LG Nürnberg-Fürth*, WRP 2007, 840, 842 - *Opel ./. Autec*): The public is used to similarity to the original and even attaches importance to it, but also knows that there is no relationship between model and car manufacturer.

Color marks (BGH, GRUR 2004, 154 - *Farbmarkenverletzung II*): As a rule, the average consumer is not yet accustomed to the use of a color as a distinctive sign.

However, an exception exists if the color is emphasized in such a way that it is understood as a means of identification.

Shape marks (BGH, GRUR 2005, 414 - *Russisches Schaumgebäck*): The consumer regularly sees in the shape only the product itself and not yet an indication of the origin from a certain undertaking.

Metatags (BGH, GRUR 2007, 65 - *Impuls*): Although the user does not take note of the sign in the source text of the website, there is trade mark use because the hit rate in search engines is increased and the user is thus referred to the advertiser's offer.

Keyword advertising (ECJ, GRUR 2010, 445 - *Google and Google France*): As a keyword, the trade mark is the trigger for the appearance of the advertisement.

2. Referential use

Since, according to the case law of the ECJ, no distinction is made as to whether the goods or services in question are those of the user of the trade mark or those of a third party, the term "use as a trade mark" also includes referential use, where it is unambiguously clear to the addressee that the mention of the trade mark is not intended to identify the goods or services of the user of the trade mark, but only those of a third party, namely precisely those of the trade mark owner. The main cases of this referential use are

- brand critique,
- brand parody and
- comparative advertising.

With the reform of 2015, the limitation provision of Sec. 23 (1) No. 3 MarkenG was supplemented for these cases by the wording "for the purpose of identifying or referring to goods or services as those of the proprietor of that trade mark". Even before this amendment, special principles applied to comparative advertising. Use as a trade mark is assumed regardless of whether the comparative advertising complies with the requirements of unfair competition law (ECJ, GRUR 2008, 698, para. 36 - *O2 Holdings and O2 (UK)*; GRUR 2009, 756, para. 53 - *L'Oréal*). However, the use cannot be prohibited if the comparative advertising fulfills the requirements of Sec. 6 (2) UWG or Article 4 RL 2006/114/EC. Conversely, a likelihood of confusion under trade mark law leads to inadmissibility under unfair competition law (ECJ, GRUR 2008, 698, para. 46, 50 - *O2 Holdings and O2 (UK)*).

Trade Mark Functions

1. Origin function

"... guarantee the identity of the origin of the marked product or service to the consumer or end user by enabling him, without any possibility of confusion, to distinguish the goods or services from others which have another origin." (ECJ GRUR 2003, 55 para. 48 - *Arsenal FC*)

2. Other functions

The trademark owner may assert his exclusive right under Sec. 14 (2) No. 1 MarkenG, Art. 5 I a MRRL a.F. = Art. 10 II a MRL, Art. 9 II a UMV, if one of the functions of the trademark is impaired, be it its main function, the origin function, or one of its other functions, such as the guarantee of quality or those of communication, investment or advertising (ECJ GRUR 2014, 280 para. 30 - *De Vries/Red Bull*; GRUR 2013, 1140 para. 58 - *Martin Y Paz/Gauquie*; GRUR 2012, 519 para. 71 - *Budvar/Anheuser-Busch*; GRUR 2011, 1124 para. 38 - *Interflora*; GRUR 2010, 841 para. 30 - *Portakabin/Primakabin*; GRUR 2010, 641 para. 20 - *Bananabay*; GRUR 2010, 451 para. 29, 31 - *BergSpechte*; GRUR 2010, 445 para. 76 et seq. - *Google and Google France*; GRUR 2009, 756 para. 58 - *L'Oréal/Bellure*).

Quality function:

"guarantee ... of qualitative consistency (or homogeneity)" (Opinion of Advocate General Mengozzi v. 10.02.2009 in *L'Oréal*, para. 53).

Communication function:

"property of conveying information...e.g., messages about intangible characteristics that shape the image of the product or the company..." (Opinion of Advocate General Mengozzi dated Feb. 10, 2009 in *L'Oréal*, para. 54).

Investment function:

Use of a trademark to acquire or preserve a reputation (ECJ GRUR 2011, 1124 para. 61 - *Interflora*).

Advertising function:

Possibility of using the mark as a factor in sales promotion or as an instrument of commercial strategy (ECJ GRUR 2010, 445 para. 92 - *Google France and Google*).

3. Literature criticism

The ECJ's function doctrine is limited to the area of identity and serves as a limitation there, since the Court - unnecessarily broadly - also sees the case of so-called referential use (e.g. keyword advertising or comparative advertising) covered there. This is an erroneous development, because

- lack of sufficient differentiation between economic functions and normative protection.
- legitimate cases of referential use (e.g., product criticism and trade mark parody) are covered without any necessary barriers being imposed
- legal uncertainty due to unclear boundaries

(Cf. *Ohly*, FS Loschelder, 2010, p. 265 et seq.; *Sosnitza*, Deutsches und europäisches Markenrecht, 3nd ed. 2023, Sec. 3, para. 4 et seq.; *Sosnitza*, GRUR 2014, 93, 94 et seq.).

4. Reform 2015

In its draft reform of the Directive, the EU Commission originally opposed the extension of the ECJ's function doctrine and wanted to limit protection in the area of identity to infringements of the function of origin. However, this could not be enforced, cf. Art. 10 II lit. a MRL.

Risk of Confusion

Standard: The averagely informed, attentive and reasonable consumer (ECJ, GRUR Int. 1999, 734, 736 - *Lloyd*).

Interaction

- Similarity of signs
- Similarity of goods and services
- Distinctiveness

1. Similarity of signs

Sound *or* image *or* sense

2. Similarity of goods and services

Criteria: Type of goods, purpose, use, specific nature as competing or complementary goods, same distribution channel.

3. Distinctiveness

The stronger a trademark, the larger its scope of protection

Not static, but can change:

- *Increase* due to intensive use
- *Weakening* by third characters

Names, Descriptive Indications, Referential Use, Sec. 23 MarkenG

Sec. 23 MarkenG contains three important protective barriers that limit the trade mark owner's right to prohibit a trade mark

1. Requirements

a) Name or Address, Sec. 23 (1) No. 1 MarkenG

Name or address of *only* one *natural* person

Name = civil name

Address = state, province, city, street, house number

b) Descriptive Indications, Sec. 23 (1) No. 2 MarkenG

Lack of any distinctive character; characteristics, properties, in particular nature, quality, intended purpose, value, geographical origin or time of production or rendering

c) Referential Use, Sec. 23 (1) No. 3 MarkenG

Inserted by 2015 reform in Art. 14(1)(c) MRL:

"identification or reference to goods ... as those of the proprietor of that mark."

Ex: - Comparative advertising

- Keyword Advertising

- Product criticism

Especially accessories or spare part

Ex.: ECJ GRUR Int. 2005, 479 - *Gilette*

BGH GRUR 2005, 423 - *Vacuum cleaner filter bags*

2. Honest Practices, Sec. 23 (2) MarkenG

Dishonest e.g.

- Use of a word and *figurative* mark instead of a pure word mark (BGH GRUR 2011, 1135 Rn. 25, 27 - *GROSSE INSPEKTION FÜR ALLE*).
- Use of a well-known trade mark in a domain name instead of website text (BGH WRP 2019, 200 marginal no. 30 - *Keine-Vorwerk-Vertretung*).

Exhaustion, Sec. 24 MarkenG

The principle of Union-wide exhaustion applies, Art. 15 MRL (ECJ GRUR 1998, 919 - *Silhouette*; GRUR 2002, 156 – *Zino Davidoff v. Levi Strauss*).

In the interest of the free movement of goods, the trade mark owner cannot prohibit the use of the sign when reselling the product.

This also applies to the so-called right of announcement, i.e. the right to use the mark also in advertising (BGH NJW-RR 2003, 1403 - *Mitsubishi*; GRUR 2003, 878 – *Vier Ringe über Audi*).

Exclusion of exhaustion under Sec. 24 (2) MarkenG:

- Intervention in physical integrity of goods (BGH GRUR 1996, 271 - *Dyed jeans*)
- Without intervention in physical integrity of goods
 - false impression of a trade relation is created
 - Risk of damage to reputation

Obligation to Use, Sec. 25, 26 MarkenG

The purpose of the obligation to use is twofold:

- Protection of the trade mark cannot continue if the trade mark loses its commercial purpose to create or secure an outlet (ECJ GRUR 2003, 425 para. 37 - *Ansul*)
- Clean the register from unused marks (“non-active members” [= “Karteileichen”], cf. BGH GRUR 2007, 321 para. 30 - *COHIBA*).

Required is "*serious use*"

Trend towards low requirements

=> A few sales to a single customer on a non-substantial part of the territory of a member state may be sufficient (ECJ GRUR Int. 2006, 735 - *Vitafruit*)

Legitimate reasons for non-use:

If the application without exception would be an unjustified hardship for trade mark owners or would lead to economically unreasonable results

=> Weighing of interests

Use *in a deviating form* is harmless if the deviation does not change the distinctive character of the mark, Sec. 26 (3) MarkenG.

EU Trade Mark

1. Basic principles

a) Principle of autonomy:

The law of the EU trade mark is an autonomous system independent of the respective national law. National regulations can only be applied to the EU trade mark if the EUTMR explicitly allows this.

b) Principle of uniformity:

The EU trade mark has effect for the entire territory of the European Union, unless otherwise provided, Art. 1 (2) EUTMR. It is a unitary, supranational right and therefore, in contrast to the IR trade mark, does not consist of a bundle of national trade marks.

c) Principle of coexistence:

The EU trade mark law does not replace the national trade mark rights but coexists with them, recital 6 EUTMR.

d) Principle of permeability:

Special legal provisions are to privilege the EU trade mark and interlock it with national trade mark law, thus creating stronger, permeable legal protection.

2. Pure register mark

Unlike a German trade mark, the EUTM can only be acquired by registration, Art. 6 EUTMR. Protection therefore does not arise through mere use or notoriety. The European Union Intellectual Property Office (EUIPO), based in Alicante, Spain, is responsible for registration.

3. Special features compared to German law

a) Absolute grounds for refusal:

The absolute grounds for refusal according to Art. 7 EUTMR are to be examined comprehensively ex officio, Art. 42 I EUTMR, cf. in contrast Sec. 37 (3) MarkenG. If a ground for refusal exists only in part of the EU, the application is refused with effect for the entire EU, Art. 7 II EUTMR.

b) Transmission:

In contrast to German law, where the assignment is informal according to Sec. 27 MarkenG in conjunction with Sec. 413, 398 BGB (German Civil Code), the EUTM can only be assigned in writing according to Art. 20 III EUTMR. The written form requirement only concerns the transfer in rem, but not the obligation transaction. The acquirer can only assert the rights from the EUTM after the transfer has been entered in the register, Art. 20 XI EUTMR. Under German law, the filing of the application for registration is sufficient, Sec. 28 (2) 1 MarkenG.

c) Opposition proceedings:

If there are no absolute grounds for refusal, the application for the EUTM is published, Art. 44 EUTMR. Within a period of three months, an opposition may be filed against the registration on the grounds that the registration is precluded by relative grounds for refusal according to Art. 8, Art. 46 I EUTMR. Only then the registration of the EUTM takes place (preceding opposition procedure). In contrast, the opposition procedure in German law is subsequent, Sec. 42 (1) MarkenG.

d) Rights-preserving use:

For a long time, the question of the territorial area in which the use preserving the right must take place according to Art. 18 I EUTMR was disputed. It was sometimes argued that the use must take place in at least three Member States, whereas the

Council and the Commission also considered the use within a single Member State to be sufficient. The ECJ, on the other hand, has ruled that the assessment of use must be based on the single internal market and that state borders are therefore disregarded (ECJ, GRUR 2013, 182, para. 42, 44 - *ONEL/OMEL; Sosnitza*, GRUR 2013, 105, 108 et seq.).

The EU Trade Mark in Infringement Proceedings

Exceptions to the principle of uniformity

The principle of uniformity applies in registration proceedings, but not with the same strictness in infringement proceedings (*Sosnitza*, GRUR 2011, 465 et seq.).

1. Likelihood of confusion, Art. 9 (2) (b) EUTMR

In principle, the plaintiff does not have to show and prove that there is a likelihood of confusion in *all* Member States, since this is presumed. However, due to the language differences, a split traffic perception is conceivable. Thus, if the defendant proves that there is no likelihood of confusion in one Member State, an application for an injunction may not be granted for that Member State (ECJ, GRUR, 2011, 518, para. 48 - *DHL/Chronopost*; cf. *Sosnitza* MarkenR 2011, 193 et seq. GRUR 2011, 465, 468).

2. Extended protection of well known marks, Art. 9 para. 2 lit. c) EUTMR

A reputation "in the Union" is given if it exists "in a substantial part" of the Union. For this purpose, the reputation in one Member State can be sufficient (ECJ, GRUR 2009, 1158 para. 30 - *PAGO*).

It is disputed whether in this case the right to injunctive relief is also limited to this Member State (according to *Sosnitza*, GRUR 2011, 468).

3. Rights-preserving use

For a long time, the question of the territorial area in which the use preserving the right must take place according to Art. 18 I EUTMR was disputed. It was sometimes argued that the use must take place in at least three member states, whereas the Council and the Commission also considered the use within a single Member State to be sufficient. The ECJ, on the other hand, has ruled that the assessment of use must be based on the single internal market and that state borders are therefore disregarded (ECJ, GRUR 2013, 182, para. 42, 44 - *ONEL/OMEL; Sosnitza*, GRUR 2013, 105, 108 et seq.).

Commercial Designations

1. General

According to Sec. 5 (1) MarkenG commercial designations are subdivided into company signs, Sec. 5 (2) MarkenG, and titles of works, Sec. 5 (3) MarkenG.

2. Company Signs

Pursuant to Sec. 5 (2) 1 MarkenG, company signs are signs used in trade as a name, company name or special designation of a business operation or an enterprise. They must be distinctive and enjoy protection from the time of use.

Signs which are not distinctive do not obtain protection until they have acquired a reputation in the relevant public as the designation of a particular undertaking (BGHZ 21, 85, 89 - *Spiegel*).

a) Name

The name corresponds in content to Sec. 12 BGB. This includes not only the family name of natural persons, but also the artist's name and the pseudonym. By analogous application, figurative signs which have a traditional name function, such as a coat of arms or a landmark, are also covered (BGH, GRUR 2002, 917, 918 – *Düsseldorfer Stadtwappen*; GRUR 1976, 644, 646 - *Kyffhäuser*; GRUR 1993, 151, 153 - *Universitätsemblem*; GRUR 1994, 844, 845 – *Rotes Kreuz*). Names of legal entities under private and public law are also protected (BGH, GRUR 1976, 644, 646 - *Kyffhäuser*; GRUR 1993, 151, 153 - *Universitätsemblem*).

b) Business Name

The company name within the meaning of Sec. 5 (2) 1 MarkenG is the business name according to Sec. 17 et seq. HGB (Commercial Code), i.e. the name under which a merchant conducts his business.

c) Special designation of a business operation

A special designation of a business operation is understood to be an identifier used by an entrepreneur to distinguish his business from the businesses of others. In contrast to the name and business name, the designation does not refer to the company owner, but to the organizational unit.

For example, all letter combinations with a name function fall within the scope of protection, unless they are exceptionally generic or descriptive (BGHZ 21, 85, 88 - *Spiegel*). It is not necessary that the sign is pronounceable (BGH, GRUR 2001, 344, 345 - *DB- Immobilienfonds*). The Federal Court of Justice has denied the name function for the illustration of a building (BGH, GRUR 2005, 419, 422 - *Räucherkate*), but according to the literature this should not apply to illustrations in general (*Ingerl/ Rohnke*, 3rd ed. 2010, Sec. 5 MarkenG, para. 29).

d) Business signs

Pursuant to Sec. 5 (2) 2 MarkenG, business signs and other signs intended to distinguish the business operation from other business operations, which are regarded as signs of the business operation within affected trade circles shall be deemed equivalent to the special designation of a business operation.

They serve to distinguish the business from other businesses in a way other than by means of a name (BGH, GRUR 2005, 419, 422 - *Räucherkate*). According to this, e.g.

pictures, figures, symbols, ornaments and colors may be protected. Furthermore, also words that do not have the effect of names.

3. Titles of works

The term "work" is to be considered independently of the term "work" under copyright law. Titles of works are the names or special designations of printed publications, cinematic works, music works, stage works or other comparable works, Sec. 5 (3) MarkenG.

If a title of work has the required distinctive character, protection begins with the use of the title, otherwise only with the acquisition of reputation. Depending on the category of work, case law applies different standards to the distinctive character.

The mere intention to use a title does not constitute use of the title. Title protection may arise prior to actual use through public announcement of the work under its title as is customary in the industry, e.g. through the "Titelschutz-anzeiger". However, the announcement only has effect if the work appears under the title within a reasonable period of time.

4. Negative right of exclusion

The negative right of exclusion under Sec. 15 MarkenG largely corresponds to that for trade marks under Sec. 14 MarkenG.

However, in contrast to the trade mark, the protection under Sec. 15 (1) MarkenG may be geographically limited. Whereas the protection of the trade mark exists nationwide, the protection for commercial designations, *if* the company is only known locally, also applies only in this particular place or the closely related economic territory.

Although the similarity of the business activities is not a prerequisite for a right to exclude under Sec. 15 (2) MarkenG, there is a correlation between the degree of similarity of the commercial designations and the degree of proximity to the industry (BGH, WRP 1991, 568, 569 - *Avon*).

Domains

1. General

For the identification and accessibility of computers on the Internet, each computer is assigned an IP address. This consists of 4 bytes with a maximum of 12 digits, e.g. 132.187.1.117. Since these are unsuitable for comfortable use, the Domain Name System ("DNS") was introduced. This assigns an IP address to each domain name, for the example above "jura.uni-wuerzburg.de".

The URL ("Uniform Resource Locator") is to be distinguished from this. This represents the entire Internet address. As an example:

<http://www.jura.uni-wuerzburg.de/lehrstuehle/>



Hypertext Transfer Protocol	World Wide Web	Third-level domain	Second-level domain	Top-level domain	Subdirectory
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The highest level of the hierarchy for German domains is the top-level domain ".de". All second-level domains available under this are unique and are allocated by DENIC according to the priority principle. In this procedure, DENIC does not carry out any checks with regard to conflicting rights of third parties.

2. Legal nature of the domain

By registering a domain, the holder does not acquire an absolute right, but merely a claim under the law of obligations against DENIC with the content of being allowed to use a certain domain name for a certain IP address.

Registration as such does not constitute acquisition of a trade mark under the MarkenG. Therefore, a registration as a trade mark according to Sec. 4 No. 1 MarkenG must be made at the DPMA or the trade mark must have acquired a reputation, Sec. 4 No. 2 MarkenG.

However, it is more likely that the domain will be used as a company sign under Sec. 5 (2) MarkenG if it is suitable for indicating the company origin and is not merely used as an address designation. Protection as a title of work under Sec. 5 (3) MarkenG is also conceivable.

3. Transmission

The claim under the law of obligations against DENIC for connection can be transferred to third parties by legal transaction. The transaction of disposal in rem takes place by way of transfer of the contract in accordance with Sec. 398 et seq. and 414 of the German Civil Code (BGB). However, Sec. 6 of DENIC's Domain Terms and Conditions is contradictory. On the one hand, it provides for transferability, but on the other hand it requires the previous domain holder to give notice of termination. With the successful completion of the registration, the transfer to the new holder is effective.

4. Collision Domain vs. Trade Mark

Collisions between domains and trade marks are possible.

The domain holder must act in the course of business. Mere

registration by a natural person does not constitute a rebuttable presumption in this regard.

Furthermore, use as a trade mark is required, for which use with a “construction site sign” is not yet sufficient (BGH, GRUR 2005, 687, 689 – *weltonline.de*; GRUR 2008, 912, 913 – *Metrosex*). Registration is only unfair to competitors under Sec. 4 No. 4 UWG if special circumstances exist (BGH, GRUR 2009, 685, 688 – *ahd.de*).

An infringement in the identity area according to Sec. 14 (2) No. 1 MarkenG only exists in case of identical use of domain and trade mark. The area of identity is already not affected if the top-level domain (e.g. “.de”) is added to the trade mark (BGH, GRUR 2005, 262, 263 – *soco.de*). Therefore, an identity can only exist if the trade mark is registered like a domain name.

For the likelihood of confusion under Sec. 14 (2) No. 2 MarkenG, on the other hand, only the second-level domain is taken into account, i.e. elements such as “www.” or “.de” are not taken into consideration (BGH, GRUR 2005, 262, 263 – *soco.de*).

The protection of reputation under Sec. 14 (2) No. 3 MarkenG is mainly affected in the case of abusive registration of a well-known trade mark in order to generate access to one’s own site (“cybersquatting”), in the case of registration of the domain with typical typos of well-known trade marks (“typosquatting”, but cf. also BGH, GRUR 2014, 393 – *wetteronline.de*) or if the name or content of the domain is likely to impair the reputation of the trade mark.

5. UWG

If there is no protection according to Sec. 14, 15 MarkenG, the law of unfair competition may intervene.

a) Targeted obstruction, Sec. 4 No. 4 UWG

In cases of *domain grabbing* (also known as *cybersquatting*), a domain is not registered in order to provide one's own content, but only to hinder another person and to gain one's own economic advantages by offering it for sale to a third party.

Targeted obstruction may also be present in the case of *typosquatting*, in which the trade mark of a competitor is registered with a typical typographical error in order to direct its users to the company's own website. Unfair obstruction may be given in form of intercepting customers if the Internet user does not find the expected service, but merely advertising. However, there is no unfairness if the user is immediately and conspicuously made aware of the fact that he is not on the website he intended to access (BGH, GRUR 2014, 393, para. 40, 48 - *wetteronline.de*).

The mere use of a domain with a generic designation, on the other hand, does not yet constitute targeted obstruction, since the aim is not to intercept customers from third parties but to direct them to the company's own site (BGHZ 148, 1, 8 = GRUR 2001, 1061, 1063 - *mitwohnzentrale.de*). In this case, further circumstances must be added for unfairness, e.g., if the domain is misleading or is registered also under multiple other top-level domains.

b) Misleading, Sec. 5 UWG

A domain can be misleading if it is likely to trigger relevant misconceptions in the Internet user. This is the case, for example, if no lawyer is active under the domain "rechtsanwalt.com" or if no company in the legal form of a stock corporation is behind a top-level domain ".ag" used

in Germany (OLG Hamburg, NJW-RR 2002, 1582, 1583 - *rechtsanwalt.com*; CR 2004, 769, 771 - *tipp.ag*).

Usually a generic domain does not contain a unique selling proposition (“Alleinstellungsbehauptung”). For example, the domain "drogerie.de" is permissible because the public does not expect to find all providers of drugstore products on the Internet under this domain (OLG Frankfurt, MMR 2002, 811, 813 - *drogerie.de*). Also a combination of a generic term with a profession or city name does not create the impression that the company is the only or leading one in the locality (BGH, GRUR-RR 2011, 7 – *Steuerberater-suedniedersachsen.de*).

6. Tort Law

If the domain holder is not acting in the course of trade, or if the domain is merely registered but not used, recourse to Sec. 12, 823 (1), 826 BGB remains possible. However, a concrete offer for sale or the registration of a large number of well-known trademarks is required for the existence of an immoral intent to cause damage (OLG Frankfurt, WRP 2000, 645, 646 - *weideglueck.de*).

7. Legal consequence

The legal consequence of an infringement is not a claim to transfer of the domain to the infringed party, but merely a claim to relinquishment of the domain. A transfer, for example analogous to Sec. 8 (2) PatG or Sec. 894 BGB, fails because there is no absolute right to the registration of a domain. For these reasons, no transfer can be demanded on the basis of presumed self-dealing under Sec. 687 (2), 681, 667 BGB or on the basis of encroachment condemnation under Sec. 812 (1) (1) (Alt. 2) BGB (BGH, GRUR 2002, 622, 626 - *shell.de*).

Concept of the Patent

According to Sec. 1 (1) PatG, patents are granted for inventions in all fields of technology, provided that they

- are *new*
- involve an *inventive step* and
- are *susceptible of industrial application*.

An invention is a teaching for technical action, with which a technical problem (also called task) is solved.

A teaching is technical if it makes use of controllable natural forces outside of human intellectual activity to achieve a causally foreseeable result (BGH, GRUR 1977, 96 - *Dispositionspogramm*).

Exceptions to Patentability

1. Discoveries, scientific theories and mathematical methods as such, Sec. 1 (3) No. 1, (4) PatG
2. Aesthetic creations as such, Sec. 1 (3) No. 2, (4) PatG
3. Schemes, rules and methods for performing mental acts, playing games or doing business as such, Sec. 1 (3) No. 3, (4) PatG
4. Programs for computers as such, Sec. 1 (3) No. 3, (4) PatG
5. Presentation of information as such, Sec. 1 (3) No. 4, (4) PatG
6. The human body including germ cells and the simple discovery of one of its elements, Sec. 1a (1) PatG (counterexception: components produced by a technical process, Sec. 1a (2) PatG).
7. Violation of public order or morality, Sec. 2 (1) PatG
8. Processes for cloning human beings, Sec. 2 (2) No. 1 PatG
9. Processes for modifying the germ line genetic identity of human being, Sec. 2 (2) No. 2 PatG
10. Use of human embryos, Sec. 2 (2) No. 3 PatG
11. Processes for modifying the genetic identity of animals and animals resulting from such processes, Sec. 2 (2) No. 4 Patent Act
12. Plant and animal varieties and biological processes for the production of plants and animals, Sec. 2a (1) No. 1 Patent Act
13. Methods for surgical or therapeutic treatment and diagnostic methods, Sec. 2a (1) No. 2 PatG

Substantive Requirements for Protection of the Patent

According to Sec. 1 (1) PatG, an invention is patentable if it is new, involves an inventive step and is susceptible of industrial application.

1. Novelty, Sec. 3 PatG

An invention is considered new if it does not form part of the state of the art, Sec. 3 (1) (1) PatG.

a) State of the art

The state of the art includes

- the *pre-published* state of the art
- = all knowledge made available to the public in any way prior to the priority of the application, Sec. 3 (1) (2) PatG.
- the *non-pre-published* state of the art
- = older German patent applications, Sec. 3 (2) PatG.

b) Procedure

The examination of novelty is carried out by comparing the subject-matter of the patent claim individually with each individual publication ("citation" or also "printed publication") in the state of the art.

=> Novelty exists if the subject-matter of the patent differs even in one of its technical features.

c) Non-prejudicial disclosure

- aa) Evident abuse, Sec. 3 (5) No. 1 PatG
- bb) Exhibition protection, Sec. 3 (5) No. 2 PatG

2. Inventive Step, Sec. 4 PatG

An invention is deemed to involve an inventive step if, having regard to the state of the art, it is not obvious to a person skilled in the art, Sec. 4 (1) PatG.

a) Procedure

In contrast to the examination of novelty, no individual comparison takes place here; rather, the entire prior art to be combined is contrasted (mosaic work).

=> Citations may be combined

- with each other and
- also with prior use and general expertise.

b) Evidence sign

Certain circumstances may support a *prima facie case* for inventive step:

- Long lasting need
- Overcoming a technical prejudice
- Combination of a variety of citations

3. Industrial Applicability, Sec. 5 PatG

An invention is considered to be susceptible of industrial application if it can be made or used in *any* kind of industry, including agriculture.

Limitations of the Patent Law

1. Exhaustion

With the first marketing of the patented product, the right of prohibition is exhausted within the entire European Union (Union-wide exhaustion). Unlike in copyright law (Sec. 17 (2) UrhG) and trade mark law (Sec. 24 MarkenG), the principle of exhaustion is not explicitly mentioned in the statutes, but it is generally recognized.

2. Exceptions to the exclusive right under Sec. 11 PatG

- a) Acts done privately and for non-commercial purposes (No. 1)
- b) Acts for experimental purposes (No. 2)
- c) Breeding, discovery and development of new plant varieties (No. 2a)
- d) Studies and experiments for medicinal products (No. 2b)
- e) Pharmaceutical preparations in pharmacies (No. 3)
- f) Foreign ships (No. 4)
- g) Foreign aircrafts or land vehicles (No. 5, No. 6)

3. Right of prior use, Sec. 12 PatG

4. Compulsory license, Sec. 24 PatG

European and International Patent Law

I. Patent Cooperation Treaty (PCT)

On the basis of the Patent Cooperation Treaty (PCT) of 1976, a patent for a large number of countries (e.g. USA, Japan, Germany) can be applied for by filing a *single application* with the competent receiving office via WIPO. This is transferred to the respective national granting procedures and can then lead to the granting of individual patents in the respective countries according to national law.

=> Facilitates only the *filing* of the application.

II. European Patent Convention (EPC)

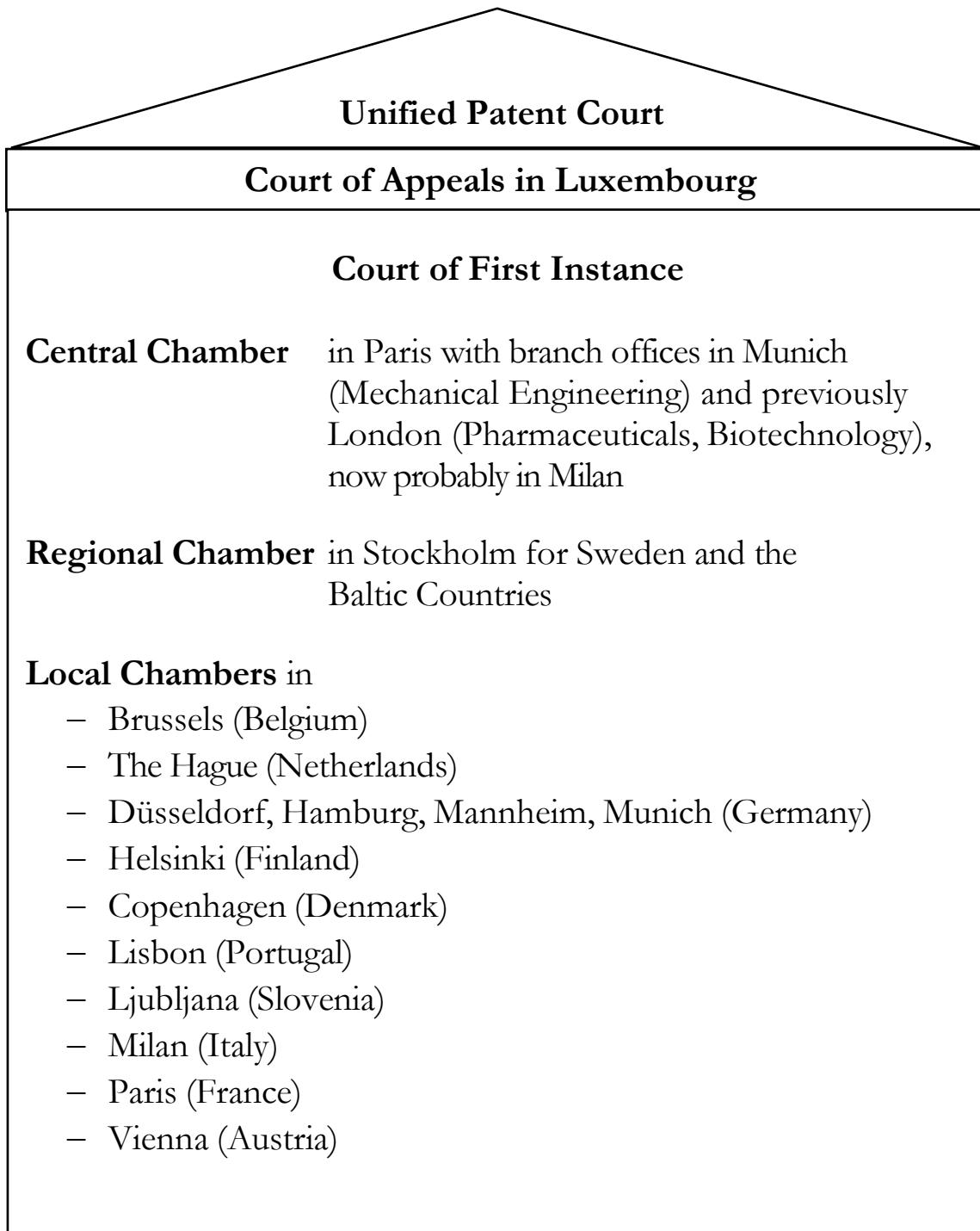
The European Patent Convention (EPC) of 1976 makes it possible to obtain a European patent in a *single procedure* through the European Patent Office (EPO) with validity for the contracting states.

=> In a single procedure, the applicant obtains a *bundle of* national patents.

III. Unitary Patent and Unified Patent Court

For the first time a unified, supranational patent law is created through

- the Unitary Patent Regulation (EPatVO), Regulation (EU) No. 1257/2012
- the Regulation on the Applicable Translation Arrangements (EPatÜbersVO), VO (EU) No. 1260/2012
- the Agreement on a Unified Patent Court (UPC, EPGÜ)



Overview Unfair Competition Act – UCA (UWG)

I. General

- Regulates both, the relationship between traders (B2B) and the relationship between traders and consumers (B2C)
- Legal basis in EU law is MCA-D 2006/114/EC with regard to B2B and UCP-D 2005/29/EC with regard to B2C

II. Purpose and scope of application

- The UCA serves the protection of
 - competitors
 - consumers and
 - other market participants

cf. Sec. 1 (1) UCA.

- Application requires a *commercial practice*, Sec. 2 (1) No. 2 UCA (not private conduct or acts of authorities)
- Takes a back seat to specific law on unfair commercial practices, Sec. 1 (2) UCA

III. Content

1. Prohibition of unfair commercial practices, Sec. 3 UCA
 - General clause B2B, Sec. 3 (1) UCA
 - General clause B2C, Sec. 3 (2) UCA
2. Breach of law, Sec. 3a UCA
3. Protection of competitors, Sec. 4 UCA
4. Aggressive commercial practices, Sec. 4a UCA
5. Misleading commercial practices, Sec. 5 UCA
6. Misleading by omission, Sec. 5a, 5b UCA
7. Comparative advertising, Sec. 6 UCA
8. Unacceptable nuisance, Sec. 7 UCA

9. Annex (to Sec. 3 (3) UCA)

- a) Misleading commercial practices, No. 1-23c
- b) Aggressive commercial practices, No. 24-32

Overview UCP-D 2005/29/EC

I. General

- Regulates only the relationship between traders and consumers (B2C), Art. 3 (1) UCP-D
- Basically full harmonization

Recital 7? Unclear (exception?)

II. Scope of application

- Steps back from contract law, Art. 3 (2) UCP-D
- Takes a back seat to health and safety product law, Art. 3 (3) UCP-D
- Takes a back seat to specific EU law on fair trading, Art. 3 (4) UCP-D
 - (e.g.: Art. 7 Regulation on Food Labelling 2011/1169)

=> Principle of “substantive priority” over UCA (UWG)

III. Content

1. General clause, Art. 5 (1), (2) UCP-D
2. Misleading commercial practices
 - a) Misleading actions, Art. 6 UCP-D
 - b) Misleading omissions, Art. 7 UCP-D

3. Aggressive commercial practices
 - a) Aggressiveness, Art. 8 UCP-D
 - b) Circumstances, Art. 9 UCP-D
4. Annex I: Unfair in all circumstances ("Black List"), Art. 5 (5) UCP-D
 - a) Misleading Commercial Practices No. 1-23c
 - b) Aggressive commercial Practices No. 24-31

Annex II: Information requirements under EU law as material information, Art. 7 (5) UCP-D

Overview MCA-D 2006/114/EC

I. General

- Regulates only the relationship between traders (B2B)
- Basically minimum harmonization, Art. 8 (1) (1) MCA-D
(In the case of comparative advertising: full harmonization, Art. 8 (2) (2) MCA-D)

II. Scope of application

- Takes a back seat to more specific EU unfair competition law, Art. 8 (2) MCA-D
- Regulatory reservations for Member States in the case of comparative advertising pursuant to Art. 8 (3), (4) MCA-D

III. Content

1. Misleading advertising

a) Concept of advertising, Art. 2 (a) MCA-D

Any making of a representation in any form in connection with a trade, business, craft or profession in order to promote the supply of goods or services, including immovable property, rights and obligations.

b) Concept of misleading advertising, Art. 2 (b) MCA-D

Any advertising which in any way - including its presentation - deceives or is likely to deceive the persons to whom it is addressed or whom it reaches and which, by reason of its deceptive nature, is likely to affect their economic behavior or which, for those reasons, injures or is likely to injure a competitor.

c) Determining criteria, Art. 3 MCA-D

2. Comparative Advertising

a) Definition, Art. 2 (c) MCA-D

Any advertising which explicitly or by implication identifies a competitor or goods or services offered by a competitor.

b) Requirements, Art. 4 MCA-D

Harmonization

Full harmonization

- a) Sec. 3 (2), 4a, 5, 5a, 5b UWG

Unfair Commercial Practices Directive
2005/29/EC
(B2C only)

Problem: Recital 7 (cf. *Sosnitza*, WRP 2006, 1).

- b) Comparative advertising, Sec. 6 UWG

Directive on misleading and comparative
advertising 2006/114/EC (B2B only)

Likewise: Misleading comparative advertising,
despite problematic Art. 8 I, 4 lit. a MCA-D
2006/114/EG (see ECJ GRUR 03,
533 - Pippig Augenoptik/Hartlauer)

Minimum harmonization

- Misleading advertising, Sec. 5 UWG

Directive on misleading and comparative
advertising 2006/114/EC
(B2B only)

Commercial Practice, Sec. 2 (1) No. 2 UCA

1. Acting in the course of trade

Not: Private action
 Acts of authorities or government

2. For the benefit of own or third party's business

Objective: No intention necessary

3. Before, during or after conclusion of business transaction

=> In principle also acts after conclusion of contract
covered

Misleading Commercial Practices, Sec. 5 UCA

1. EU Law

B2B: Art. 2 (b), 5 (1) MCA-D 2006/114/EC

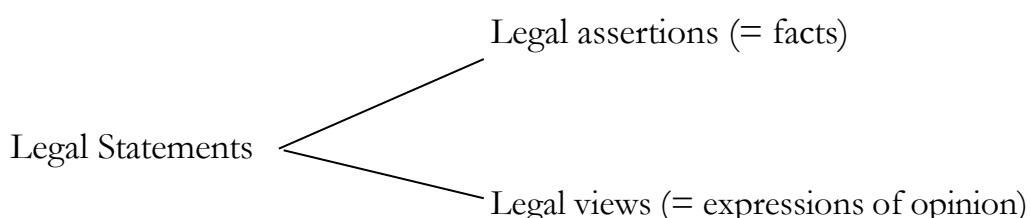
B2C: Art. 5 (1), (4) (a), (b) and Annex I No. 1-23c UCP-D

2. Statement, Sec. 5 (2) UCA

= Statement of fact

No matter in which form of expression Reorientation BGH:
Also opinions as "information" within the meaning of Art. 6
(1) UCP-D (BGH GRUR 2019, 754 para.. 25 -
Prämiensparverträge), in particular on the legal situation.

Other opinion: *Sosnitza*, GRUR 2022, 137 et seq:



3. Misleading

= Discrepancy between reality and the perception of the addressed public

a) Scale

Averagely informed, reasonable, situation-adequately attentive consumer

b) Misleading rate

Earlier: 10-15 %

Today: 25-30 %

c) Determination

Risk of misleading is sufficient

Finding of facts or normative misleading concept?

Form of determination:

- the judges own expertise
- demoscopic surveys (traffic survey)
- information (e.g. chambers, associations)

d) Principles

- *Ambiguous statements* are misleading even if one variant of the meaning does not apply.
- *Eye-catching advertising*: Particularly highlighted information must be considered in isolation (exception: asterisk advertising).
- *Advertising with self-evident facts*: Can be misleading if particularly emphasized
- *Advertising of unique selling proposition*: Only permissible if there is a considerable and lasting lead

4. Relevance

Independent of Sec. 3 (2) UCA

Usually exists, but may be absent, for example, if the circumstance is only of minor importance for the purchase decision.

The lower the misleading rate, the more carefully relevance must be checked.

5. Weighing of interests

In special cases, a relevant risk of deception may be acceptable
=> Weighing of interests!

6. Special cases

- a) Advertising with price reductions, Sec. 5 (4) UCA
- b) Decoy or lure advertising (“Lockvogelangebote”), Annex to Sec. 3 (3), No. 5 UCA
- c) Dual quality, Sec. 5 (3) No. 2 UCA

Misleading by Omission, Sec. 5a, 5b UCA

1. EU Law

Art. 7 UCP-D

2. No general obligation to provide clarification or information

Required is *duty of disclosure* from

- law
- contract
- preceding action
- special importance for purchase decision
("material", Sec. 5b UCA)

3. Material information, Sec. 5b UCA

Typical cases:

- conditions of sales promotions
- conditions of participation in contests and sweepstakes
- discontinued models
- test results

4. Specific material information according to Sec. 5b (1) UCA

Basis: Art. 7 (4), (5) UCP-D

"Offer" = When the consumer can make a declaration of acceptance aimed at purchase based on the information provided (price, characteristics of goods or services).

=> Also *before* invitatio ad offerendum (cf. Sec. 1 (1) (1) Act on Price Indication)

5. Information requirements under EU law, Sec. 5b (4) UCA, Annex II UCP-D

6. Non-identifiable commercial purpose (covered advertising, "Schleichwerbung"), Sec. 5a (4) UCA

For example:

- advertising in editorial articles (newspaper, magazine)
- camouflage of ads
- paid "bloggers" on the Internet
- product placement
- permitted in television broadcasts within narrow limits, Art. 11 (3) Directive 2010/13/EU
- Inadmissible in the cinema without informative notice (BGH GRUR 1995, 744 - *Feuer, Eis & Dynamit*)

Online Rankings

I. General

Online Rankings are regulated by Art. 7 (4a) UCP-D:

When providing consumers with the possibility to search for products offered by different traders or by consumers on the basis of a query in the form of a keyword, phrase or other input, irrespective of where transactions are ultimately concluded, general information, made available in a specific section of the online interface that is directly and easily accessible from the page where the query results are presented, on the main parameters determining the ranking of products presented to the consumer as a result of the search query and the relative importance of those parameters, as opposed to other parameters, shall be regarded as material. This paragraph does not apply to providers of online search engines as defined in point (6) of Article 2 of Regulation (EU) 2019/1150 of the European Parliament and the Council.

This has been implemented into Sec. 5b (2) UWG.

The **purpose** of this regulation is to provide for **transparency** with regard to the **main parameters**, determining the ranking and the **relative importance**, of those parameters.

II. Scope of application: Online

Art. 7 (4a) UCP-D, Sec. 5b (2) UWG are only applicable with regard to **online** rankings, not offline. This can be taken from the wording of Art. 7 (4a) UCP-D which refers to the „online interface“.

III. Possibility to search for products

Art. 7 (4a) UCP-D requires that consumers are provided with the possibility to search for products. How the search is conducted (keywords, word groups, via text or voice) is irrelevant. However, it must be a search for products offered by different traders or by consumers, so that online shops of a single trader are not captured.

IV. Material information

Material informations are

- the main parameters determining the ranking of products presented to the consumer as a result of the search query and
- the relative importance of those parameters

Parameters determining the ranking mean any general criteria, processes, specific signals incorporated into algorithms or other adjustment or demotion mechanism used in connection with the ranking, cf. recital 22 of the Directive 2019/2161.

Examples of the various parameters can be taken from Annex I of the „Guidelines on ranking transparency pursuant to Regulation (EU) 2019/1150 (OJ C 424/1, 8.12.2020).“

It is the duty of the trader to select from the overall parameters those which have to be considered as the main parameters. The description given by the trader should provide real added-value to the users concerned (Guidelines para. 22). However, the traders are not obliged to disclose the detailed functioning of their ranking mechanisms, including algorithms (recital 23 of the Directive 2019/2161).

Typical examples are:

- paid rankings
- self-preferencing
- personalisation
- user history
- filter mechanisms

V. Method and manner of information

The material information must be made available in a specific section of the online interface that is directly and easily accessible from the page where the query results are presented.

VI. Exceptions

The obligation does not apply to providers **of online search engines** as defined in Art. 2 of Regulation (EU) 2019/1150, cf. Art. 7 (4a) (2) UCP-D. However, providers of such online search engines are already obliged to provide respective information according to Art. 5 (2) of Regulation (EU) 2019/1150.

VII. Complementary regulation in No. 11a of Annex I UCP-D.

Additionally No. 11a of Annex I UCP-D states that it is in all circumstances considered to be unfair, if search results in response to a consumer's online search query are provided without clearly disclosing any paid advertisement of payment specifically for achieving higher rankings of products within the search results.

Online Reviews

I. General

According to Art. 7 (6) UCP-D the following is regulated:

“Where a trader provides access to consumer reviews of products, information about whether and how the trader ensures that the published reviews originate from consumers who have actually used or purchased the product shall be regarded as material.”

This has been implemented into Sec. 5b (3) UWG

The **purpose** of this regulation is to enable the consumer to estimate to what extent presented consumer reviews may be considered trustworthy and thereby evaluate the relevant product.

II. Scope of application

The wording of Art. 7 (6) UCP-D as well as of Sec. 5b (3) UWG may comprise online reviews and also offline reviews. However only online reviews appear to be of practical relevance.

III. Access to consumer reviews

Art. 7 (6) UCP-D requires that a trader provides access to consumer reviews. This means that the review must derive from a consumer. Therefore reviews written by other traders or other non-consumers do not fall into the scope of the regulation.

Also the consumer review must be made available to other consumers in order to „provide access“. Therefore consumer reviews which are only used by the trader without disclosure to other consumers, are not captured, e.g. Netflix rankings.

IV. Material information

Material information is

- whether and
- how

the trader ensures that the published reviews originate from consumers who have actually used or purchased the product.

Consequently, the trader is not obliged to ensure that the published reviews originate from those consumers. He may also just indicate, that he does not ensure these circumstances.

If such processes of procedures are in place, traders have to provide information on how the checks are made and provide clear information to consumers on how reviews are processed, for example, if all review either positive or negative, are posted or whether those reviews have been sponsored or influenced by a contractual relationship with a trader, cf. recital 47 of the Directive 2019/2161

V. Complementary regulation in Annex I UCP-D

Additionaly the Annex I of UCP-D provides for two regulations. Therefore it is in all circumstances considered to be unfair:

No. 23b:

Stating that reviews of a product are submitted by consumers who have actually used or purchased the product without taking reasonable and proportionate steps to check that they originate from such consumers.

No. 23c:

Submitting or commissioning another legal or natural person to submit false consumer reviews or endorsements, or misrepresenting consumer reviews or social endorsements, in order to promote products.

Case Study: Ad Blocker

Ad Blocker II (Werbeblocker II)

Decision of the Federal Supreme Court (Bundesgerichtshof); 19 April 2018 – Case No. I ZR 154/16 (IIC 2019, 630)

- 1. An offer of software that allows Internet users to suppress the display of advertising when retrieving ad-funded Internet sites is not an unfair deliberate obstruction within the meaning of Sec. 4 No. 4 of the Act Against Unfair Competition. This is the case even when the program allows for certain advertisements to be shown when the advertisers pay the program's provider for this service.**
- 2. The offer of an ad-blocking software also does not constitute an aggressive commercial practice within the meaning of Sec. 4a(1) of the Act Against Unfair Competition with respect to the companies with an interest in placing advertising.**

Facts:

- 1 The plaintiff, a publishing company, and its subsidiaries publish newspapers and magazines ... and make their edited content available on the Internet as well. They finance this offering with the payments they receive from other companies for publishing advertising on these Internet sites.
- 2 Defendant 1 sells software program A., an add-on program for all standard Internet browsers that suppresses advertising on Internet sites. Defendant 3 is managing director of defendant 1; defendant 2 held this position until 17 December 2015.
- 3 Typically, edited content from the online site ("content") is retrieved from a content server belonging to the plaintiff; advertising content ("ads"), on the other hand, from ad servers. When the user calls up an Internet page, edited and advertising content are presented as a uniform webpage. A. manipulates the access by the user's browser so that only files from content servers but not from ad servers are displayed.
- 4 A. blocks ads by applying filter rules contained in a so-called "blacklist". German users of A. by default use an international and a German filter list ("EasyList" and "EasyList Germany"). The defendant offers companies the option to have their ads exempted from this blocking by placement on a so-called "whitelist". The prerequisites for this are that these ads meet the defendant's standards of "acceptable advertising" and the companies pay the defendant a share of their profits. According to the defendant, it does not charge small and mid-sized companies a share of the profits in exchange for exemption from automatic blacklisting. On delivery to the user, A.'s default setting is to display the ads that are on the whitelist. The user can change this setting to additionally block the whitelisted ads.

5 The plaintiff and its subsidiaries have concluded no whitelisting agreement with defendant 1. Therefore all ads on their Internet pages are Blocked when A. is in operation.

6 With its action of June 2014 the plaintiff objects to the ad blocking effected by A. as a deliberate obstruction and an aggressive business practice. ...

Findings:

...

13 – B. The plaintiff's appeal of this decision on points of law is unsuccessful. The defendants' appeal on the law, on the other hand, leads to the contested decision being set aside and the action being dismissed. The parties' appeals are admissible without restriction (see B I). The plaintiff's appeal on the law unsuccessfully contests the dismissal of the main injunctive claim (see B II). The defendants' appeal on the law successfully contests the court order following the alternative injunctive claim and the claim for finding a damage-compensation obligation (see B III and IV). The plaintiff's appeal on the law, finally, is also unsuccessful with respect to the dismissal of the disclosure claim (see B V). ...

15 – II. The plaintiff's appeal on the law contests without success the dismissal of the main injunctive claim. While the plaintiff has legal standing pursuant to Sec. 8(3), No. 1 of the Act Against Unfair Competition (see B II 1), and the contested behaviour does also constitute a commercial practice within the meaning of Sec. 2(1) No. 1 of the Act Against Unfair Competition (see B II 2), the main injunctive claim is unfounded under both the aspect of a deliberate obstruction under Sec. 4 No. 4 of the Act Against Unfair Competition (see B II 3) and of the general market disruption under Sec. 3 of the Act Against Unfair Competition (see B II 4).

22 – 3. The court of appeal rightly assumed that the offering, sale and support of the program A. by the defendants do not represent a deliberate obstruction pursuant to Sec. 4 No. 4 of the Act Against Unfair Competition (Sec. 4 No. 10 of the former version of the Act).

23 – a) According to the provision of Sec. 4 No. 4 of the Act Against Unfair Competition, which, with effect from 10 December 2015, replaced Sec. 4 No. 10 of the former version of the of the Act Against Unfair Competition without substantive amendment [reference omitted], whoever engages in deliberate obstruction of competitors acts unfairly. An unfair obstruction of competitors presupposes an interference with the competitors' potential for competitive development that goes beyond the interference inherent in all competition and that displays certain features of unfairness. The interference is generally unfair when it deliberately pursues the purpose of preventing the development of competitors and thereby forcing them from the market, or when the interference leads to the obstructed competitors no longer being able to achieve their performance on the market by their own efforts in an appropriate manner. Whether these prerequisites are given can only be determined on the basis of an overall assessment of the

facts of the individual case taking into consideration the interests of the competitors, consumers and other market participants as well as the public [references omitted].

24 – b) The court of appeal found that an intent to cause damage could not be ascertained, because economic damages that competitors suffer via rivals' offers are inherent to competition and because no presumption of intent to cause damage is given. It also found that the plaintiff is not prevented from achieving its performance on the market by its own efforts in an appropriate manner. The offering of defendant 1 does not physically affect the goods or services of the plaintiff directly or indirectly. The software A. does not cause an interference with the sending of data flows when the plaintiff's websites are retrieved, but rather causes individual data packages to not reach the user. It only takes effect in the user's reception area. Furthermore, the users themselves are responsible for blocking filtered content because they have installed the software. No infringement of copyright is given, because when A. is used neither the programming of the websites is interfered with, nor is the plaintiff's content used unlawfully. While the freedom of the press demands protection for disseminating press products, including acquisition of advertising, the placement of ads is not precluded by A. On the other hand, stated the court, the users can take recourse to their negative freedom of information. This reasoning does not stand up to judicial review.

25 – c) The plaintiff's appeal on the law asserts without success that the defendants acted with intent to drive rivals out of the market because their business model can have no other purpose than to marginalise or weaken the competition. It aims solely to destroy the plaintiff's financing basis – advertising. In addition, through the contested behaviour, defendant 1 inserts itself unfairly between the plaintiff and its customers, as it forces the plaintiff to buy its way out of the ad block through whitelisting.

26 On the basis of the findings of the court of appeal, whose incompleteness is not criticised by the plaintiff's appeal on the law, no intent to harm can be found. The appeal on the law wrongly places the dispute in connection with the type of facts in which a practice aims first and foremost to harm the competitive development of the competition and not to foster one's own competitiveness [references omitted]. The business model at issue does adversely affect the plaintiff's advertising revenues by suppressing ads on its Internet site. However, the program of defendant 1 does not categorically preclude such gains, because it includes the possibility to allow advertising by whitelisting. The program of defendant 1 therefore requires the very functioning of the plaintiff's Internet site [references omitted]. That defendant 1 charges at least partially for this allowing of ads does not lessen the advertising of Internet site operators, but at the same time it does indicate the commercial self-interest at the root of the conduct at issue. If one furthermore considers the interest of those Internet users who, when visiting free-of-charge Internet sites, wish to block certain forms of advertising that defendant 1

has categorised as invasive by using A., the program they have installed, the contested business concept, as it turns out, is a customary service offer on the market that is not primarily aimed at harming the plaintiff's competitive development.

27 – d) The plaintiff's appeal on the law asserts without success that the defendants unfairly harm the plaintiff's competitive development, because program A. has a direct effect on the plaintiff's service provision.

According to the plaintiff's appeal on the law, it is not relevant whether the plaintiff's server processes are obstructed, but that the service provided by the plaintiff – a package of edited and advertising content – is presented incompletely due to the ad blocker's interference, and its product is thus altered.

28 Contrary to the view of the plaintiff's appeal on the law, there is no unfair direct effect on the plaintiff's product. For this finding it can remain open whether, as the court of appeal assumed, a physical interference with the plaintiff's Internet site is lacking, because defendant 1's program does not affect processes in the realm of the plaintiff or the server drivers that transmit advertising, but only the display by the user's browser of the advertisement on the Internet site.

29 A product-related obstruction by direct interference with the competitor's product comes into consideration when the latter is destroyed, done away with, altered or damaged [references omitted]. The obstruction must in these cases emanate directly from the competitor, meaning the latter must have a direct effect on the product [reference omitted].

30 A direct effect on the part of the defendants is not found in the dispute at hand if only because installation and use of the program are reserved to the autonomous decision of the Internet user. No different than in the cases of obstruction of advertising [reference omitted], an obstruction that only arises due to a free choice of a further market participant as a matter of principle does not represent an unfair obstruction. Even if the plaintiff's appeal on the law asserts that defendant 1 alone decides which advertising is included in the filter lists used in A., and delivers its program with a default setting that 99% of the users do not change, the defendants only place a product at users' disposal the use of which the Internet user alone decides on. Contrary to the view of the appeal on the law, it is irrelevant in this context whether the contested product merely serves to facilitate processes that the user himself is capable of doing – like changing a television channel [reference omitted] – or whether the user himself could not readily achieve the result obtained due to the insurmountably complex technical difficulties. The provision of even a technically sophisticated product on the market does not in itself represent a direct effect on the product of the competitor.

31 – e) The court of appeal further rightly assumed that the requirements for an unfair obstruction in the form of an indirect effect on the plaintiff's product likewise are not given. An indirect effect on a product can be found in the sale of goods or services that are capable of giving third

parties illegitimate access to a service that is offered for sale [reference omitted]. It is also as a rule unfair to provide a product that has an influence on the product of a competitor when doing so circumvents a protection measure intended to prevent such an influence on the product [references omitted].

32 – (1) The court of appeal did not ascertain that defendant 1's program circumvents protection measures of the plaintiff's Internet site aimed against ad blockers. The plaintiff's appeal on the law does not assert that a submission to this effect has been overlooked. ...

35 – (3) The required overall evaluation of the facts of the individual case taking into consideration the interests of the competitors, consumers and other market participants, as well as that of the public, leads to the outcome that in the case at hand no unfair obstruction in the form of indirect product influence is present. ...

42 – 4. The court of appeal further correctly assumed that in the dispute at hand the requirements for a general market obstruction are likewise not fulfilled.

43 – a) The requirement found in Sec. 3(1) of the Act Against Unfair Competition of general market disruption is fulfilled when competitive conduct that is not in and of itself unfair, but that causes concerns either by itself or in combination with similar measures on the part of competitors, establishes the serious risk of competition based on entrepreneurial performance being significantly obstructed [references omitted].

44 – b) The court of appeal explained that defendant 1's program does hinder the plaintiff's possibilities of coupling freely accessible content with advertising. However, there are no indications that – as would be necessary for a general market obstruction – such offers without the simultaneous combination with advertising are no longer realisable. The plaintiff – on the contrary – has the option to use technical means to "block" users using ad blockers from its site or to offer its edited content for a fee. This assessment stands up to legal review.

45 – c) The plaintiff's appeal on the law asserts without success that defendant 1's program destroys the business model of providing free-of-charge, ad-funded content on the Internet. With this assertion the appeal does not demonstrate any legal error in the factual assessment by the court of appeal, but only complains of its – from the plaintiff's perspective – divergent result. On the basis of the findings of the court of appeal, which are not contested by the plaintiff's appeal on the law, it cannot be determined that due to the use of the contested program provided by defendant 1 any and all offering of ad-funded edited content on the Internet could be eliminated from the market. Here as well, the plaintiff must meet the challenges posed by the competition. It is not the task of the violation of obstruction or of unfair competition on the whole to preserve existing competitive structures or to counter economic developments in which the incumbent market participants see a threat to their client base [reference omitted].

46 – III. The defendants' appeal on the law successfully contests their conviction according to the alternative claim. The offering of an ad-blocker program using the whitelisting function contested by this claim does not contravene Sec. 4a of the Act Against Unfair Competition.

47 – 1. The defendants' appeal on the law complains without success, however, that the alternative injunctive claim is inadmissible, because in this regard there is no need for legal protection.

48 – The plaintiff asserts that its rights are infringed through the combination of the ad blocking (blacklisting) with the option to obtain access for certain advertising by means of a paid contract (whitelisting). In the case of suits for performance, which include injunctive actions, (cf. Sec. 241(1) second sentence Civil Code), as a rule there arises a need for legal protection out of the very lack of fulfilment of the asserted material claim whose presence is to be assumed for the examination of the interest in its judicial enforcement [reference omitted]. The explanation by the defendants that is given in the appeal on the law, that the making accessible in the case of a contract with the plaintiff or its subsidiaries would "probably" be free of charge, does not do away with the plaintiff's interest in a judicial clarification due to a lack of sufficient commitment.

49 – 2. Contrary to the view of the court of appeal, the conduct complained of in the action does not contravene Sec. 4a of the Act Against Unfair Competition.

50 – a) The court of appeal stated that the defendants' conduct constitutes an aggressive practice not against the plaintiff, but against market participants interested in placing advertising within the meaning of Sec. 4a(1) first sentence of the Act Against Unfair Competition, to the extent that the defendants exempt these market participants from the blocking function on condition of receiving a share of their profits. The parties are, with respect to competition for payments from advertising customers, competitors. The defendants, reasons the court of appeal, exert an unlawful influence under Sec. 4a(1) second sentence No. 3 of the Act Against Unfair Competition. The defendants' position of power consists in the blacklisting function through which a technically effected bar is erected that can only be overcome by the whitelisting function controlled by the defendants. This is an impediment of a non-contractual nature through which the exercise of contractual rights vis-à-vis the actual advertising partner is impeded. The position of the defendants secured by its control of the functions of the blacklist and the whitelist is evidently so strong that it acts as a "gatekeeper" of a substantial access to funding opportunities from companies wishing to place advertising. Whether the plaintiff as the owner of content has alternatives for placing advertising is not relevant according to the court of appeal, because the aggressive practice of the defendants also has an effect on the plaintiff's advertising customers. Whether the blocking of advertising fulfils a desire of many Internet customers is not relevant for the question of an aggressive commercial practice, because the latter targets the economic freedom of choice of different market participants than the users of the Internet sites,

and the protection of Sec. 4a of the Act Against Unfair Competition, above and beyond the Union law requirements, also has the aim of protecting non-consumers. The freedom of choice of the companies wishing to place advertising is considerably impeded because they could only escape the blocking by whitelisting. Companies that agree on whitelisting for a fee with the defendants are induced by the combination of blacklist and whitelist to use a service that they wouldn't have needed without the block. This assessment does not stand up to judicial review.

51 – b) Section 4a(1) first sentence of the Act Against Unfair Competition prohibits aggressive commercial practices that are capable of inducing consumers or other market participants to make a business decision that they would not otherwise have made. For the only point open to consideration in the case at hand, an unlawful influencing of the freedom of choice or behaviour of the consumer or other market participant (Sec. 4a(1) second sentence No. 3 Act Against Unfair Competition), it is required that the entrepreneur abuses a position of power with respect to the consumer or other market participant so as to exert pressure, even without use or threat of physical violence, in such a manner that substantially restricts the ability of the consumer or other market participant to make an informed decision (Sec. 4a(1) third sentence Act Against Unfair Competition; cf. Art. 2 lit. j in conjunction with Art. 8 of Directive 2005/29/EC).

52 – c) Because the plaintiff bases the asserted injunctive claim on the risk of repetition, the action is only founded if the conduct at issue on the part of the defendants was illegal at the time it was carried out as well as at the time of the decision in the appeal instance (established case law; cf. Federal Supreme Court, decision of 18 October 2017 – I ZR 84/16, GRUR 2018, 324 para. 11 = WRP

2018, 324 – *Kraftfahrzeugwerbung*). After the contested conduct of the defendant in the year 2014 and previous to the decision in the appeal instance on 19 April 2018, the applicable law in the case was amended with effect from 10 December 2015 by the second Act amending the Act Against Unfair Competition (Federal Law Gazette I 2015, p. 2158).

Thereby the act regulated in Sec. 4, No. 1, Act Against Unfair Competition, former version, of unfair influence of the freedom of choice of a consumer or other market participant was transferred into the newly created provision of the Act Sec. 4a and revised in accordance with the rules on aggressive commercial practices under Arts. 8 and 9 of Directive 2005/29/EC concerning unfair commercial practices.

53 According to the case law of this Court, from this there follows no change in the legal situation with regard to commercial acts vis-à-vis consumers, because Sec. 4, No. 1, of the Act Against Unfair Competition, former version, was already required to be interpreted in conformity with Union law to the effect that an impairment of consumers' freedom of choice within the meaning of Sec. 4 No. 1 of the Act Against Unfair Competition, former version, is only present when the active party considerably impairs this freedom according to Arts. 8 and 9 of Directive

2005/29/EC through harassment, coercion or undue influence in the sense of Art. 2 lit. j of Directive 2005/29/EC [references omitted].

54 This applies likewise to commercial acts vis-à-vis other market participants who do not fall within the scope of application of the Unfair Commercial Practices Directive. In order to prevent a divided interpretation of the provision of Sec. 4 No. 1 Act Against Unfair Competition, former version, this provision must be interpreted according to the standard of Arts. 8 and 9 of Directive 2005/29/EC, including with respect to commercial acts vis-à-vis other market participants [references omitted].

55 – d) The court of appeal assumed that the defendants' conduct represented an aggressive practice aimed at market participants wishing to place advertising, in that the defendants exempted these participants from the blocking function in exchange for a share of their profits.

56 The defendants' appeal on the law complains in vain that the court of appeal thereby based its decision, in contravention of the principle of production of evidence, on a fact not submitted by the plaintiff, as the latter only ever submitted evidence on an aggressive act aimed at the plaintiff itself and not at the plaintiff's advertising clients.

57 In its furnished submission of 6 June 2016 the plaintiff explicitly asserted that the defendant also concludes whitelisting agreements with advertisers and not only with website operators such as the plaintiff, and that in this respect the defendant exerts pressure on advertisers, because the latter have no choice but to conclude a whitelisting agreement.

58 – e) The defendants' appeal on the law further complains without success that the court of appeal assumed, on the one hand, that the plaintiff is not itself affected by the business practice complained of in the alternative injunctive claim, but on the other hand affirmed the plaintiff's standing to bring an action as one of the parties competing for payments from companies looking to place advertisements. The objection to this raised by the defendants' appeal on the law that only competitors affected by the aggressive commercial practice are entitled to bring proceedings is not tenable. It is indeed acknowledged that, as regards the types of conduct from which Sec. 4 of the Act Against Unfair Competition protects fellow competitors, the right to assert a claim based on them is reserved to the competitor whose individual interest in protection is at stake [reference omitted]. However, this is not the case with the provision of Sec. 4a of the Act Against Unfair Competition, which prohibits aggressive commercial practices not in horizontal relationships, but vertically, in relation to consumers and other market participants [reference omitted].

59 – f) Likewise without success, the defendants' appeal on the law contests the assumption of the court of appeal that the defendant held a position of power within the meaning of Sec. 4a(1) second sentence No. 3 of the Act Against Unfair Competition with respect to advertising partners of the plaintiff. The counterargument raised by the appeal on the law, that a finding is lacking because the court of appeal – as expressed by the

term “evidently” – only intuits the scope of the software’s distribution, fails to demonstrate a legal error.

60 – A position of power within the meaning of Sec. 4(1) second sentence No. 3 of the Act Against Unfair Competition is a dominant position that can be situational or structural, based, for example, on economic superiority [references omitted].

61 While the defendants’ appeal on the law correctly points out that the court of appeal did not collect evidence regarding the disputed scope of distribution of A., the defendants themselves did, however, submit that the software is used on over 9.5 million end devices with Internet access. This statement, as well as the consideration of the undisputed contractual relationships of defendant 1 with the large-scale corporations Google, Amazon and Yahoo, support the finding of the court of appeal that the substantial access the technical blocking fixture gives the defendants to ad-funded companies interested in placing advertising is tantamount to a dominant position.

62 Furthermore, the complaint of the defendants’ appeal on the law is not tenable that the court of appeal failed to recognise in its assessment of the defendants’ technically founded position of power that the configuration of the software lies in the hand of the users, who could for example block all ads without regard for the whitelist. With respect to above-mentioned statements and the fact that defendant 1’s program is undisputedly delivered with whitelisting as the default setting, the fact-finding assessment of the court of appeal proves to be free of legal error in this respect as well.

63 – g) The defendants’ appeal on the law is, however, successful in contesting the assumption of the court of appeal that the undue influence under Sec. 4a(1) second sentence No. 3 of the Act Against Unfair Competition, consists in the plaintiff’s being impeded in the exercise of contractual rights within the meaning of Sec. 4a(2) No. 4 Act Against Unfair Competition, vis-à-vis its advertising partners.

64 The court of appeal assumed that the blacklist establishes a technical barrier that can only be overcome by the whitelisting controlled by defendant 1. The court held this to be a non-contractual restraint within the meaning of Sec. 4a(2) first sentence No. 4 of the Act Against Unfair Competition that impedes the exercise of contractual rights vis-à-vis the actual advertising partner because the display of the advertising can only be achieved when access is granted by a third party, defendant 1. The objections of the defendants’ appeal on the law against this assessment are well-founded.

65 According to Sec. 4a(2) No. 4 of the Act Against Unfair Competition, the evaluation of whether a commercial act is aggressive must be based on onerous or disproportionate non-contractual barriers with which the entrepreneur attempts to impede the consumer or other market participant in the exercise of his or her contractual rights, which include the right to terminate the contract or to switch to other goods or services or to another entrepreneur. According to the wording and spirit of this

provision, the influence by which the attempt is made to prevent the exercise of contractual rights refers to such contractual rights that the consumer or other market participant are entitled to with respect to the entrepreneur who is acting aggressively toward him or her [references omitted].

66 In the dispute at hand, this requirement is lacking, according to the findings of the court of appeal, which assert that the defendant acts aggressively towards the plaintiff's advertising partners, and on the other hand that the hindrance of contractual exercise takes place in the relationship between the plaintiff and its advertising partners. The aggressor's influence on the exercise of rights in a contractual relationship between the consumer or other market participant affected by the commercial act and a third party does not fall under Sec. 4a(2) No. 4 Act Against Unfair Competition.

67 – h) Also successfully, the defendants' appeal on the law contests the assumption of the court of appeal that the defendants abuse their position of power in such a way as to significantly limit the ability of other market participants to make an informed decision.

68 The test for whether the ability to make an informed decision is significantly limited by the exertion of pressure must be carried out using the standard of the average addressee of the commercial act – here the other market participant [references omitted]. Such a limitation is present when the commercial act impairs the judgment of the other market participant, so that he or she can no longer sufficiently perceive and weigh the advantages and disadvantages of the transaction [reference omitted].

69 So far as the court of appeal assumed that large-scale website operators and advertising agents were impaired in their ability to make decisions, this cannot – on the basis of the further findings of the court of appeal – constitute a violation of Sec. 4a of the Act Against Unfair Competition, for according to the latter, not these but companies wishing to place advertising – (potential) clients of the plaintiff – are addressees of the defendants' aggressive commercial practices.

70 Furthermore, the appeal court's assumption that companies wishing to place advertising are impaired in their ability to make an informed commercial decision does not stand up to judicial review. The court of appeal based its assessment on an incorrect legal standard of the average addressee of the contested commercial act.

71 In the case of a commercial act addressed to other market participants, an average amount of commercial experience must be assumed on the part of the companies involved. In applying this standard, it cannot be assumed that the mere existence of whitelisting for pay impairs the judgment of the acting parties and induces these to behave irrationally [references omitted]. If a company intending to place advertising on the Internet is confronted with the phenomenon of ad blockers, it must be assumed that within the context of economic decision-making the available options will be considered and weighed in an entrepreneurial manner. ...

Case Study: Influencer Marketing

A. Influencer I

Decision of the Federal Supreme Court of Germany (Bundesgerichtshof); 9 September 2021 – Case No. I ZR 90/20 (IIC 2022, 648)

...

- 2. An influencer who offers goods and services and promotes them through her presence in social media (here: Instagram) regularly engages in commercial practices for the benefit of her own business with her posts published in this manner.**
- 3. If an influencer receives consideration for a promotional post in social media, this publication constitutes a commercial practice for the benefit of the promoted business.**
- 4. If an influencer does not receive any consideration for a post containing a reference to a third-party business published in social media, this publication constitutes a commercial practice for the benefit of the third-party business if the post is excessively promotional in the light of its overall impression, i.e. if it contains a promotional excess so that the promotion of a third-party's competition plays a greater role than merely a necessarily accompanying one (continuation of decision of the Federal Supreme Court, 9 February 2006 – I ZR 124/03, GRUR 2006, 875 para. 23 = WRP 2006, 1109 – Rechtsanwalts-Ranglisten).**
- 5. Whether a post by an influencer in social media contains the promotional excess necessary for the assumption of a commercial practice for the benefit of another business is to be assessed on the basis of a comprehensive assessment of the entire circumstances of the individual case, taking into account the interaction of the presentation features (e.g. posted product photos, editorial context, linking to websites of third-party businesses). The fact that the influencer added "tap tags" to images in order to designate the manufacturers of the depicted goods is not in itself sufficient to assume a promotional excess of the Instagram posts. A link to a website of the manufacturer of the product depicted, on the other hand, as a rule contains a promotional excess, even if the purchase of products is not directly possible on the manufacturer's linked page.**
- 6. The reference to the commercial intent of a commercial practice required under Sec. 5a(6) Act against Unfair Competition must be made so clearly that it is obvious at first glance and beyond doubt from the point of view of the consumer who is reasonably well informed and reasonably observant and circumspect and who belongs to the group addressed. The reference to the commercial intent appearing in the text part of a post published in social**

media is as a rule not sufficient to identify the commercial intent of a “tap tag” appearing on the image placed next to the text as being promotional.

7. The commercial intent of an influencer’s advertising post published in social media for the benefit of a third-party business within the meaning of Sec. 5a(6) Act against Unfair Competition does not result directly from the fact that the influencer acts not only for purely private purposes but also for the benefit of her own business. It is not sufficient that some commercial intent of whatever kind is apparent to the addressees from the circumstances; instead, the commercial intent pursued with an act of communication must be recognisable.

8. The non-disclosure of the commercial intent of a “tap tag” containing a link to the website of a third-party business is as a rule capable of inducing the consumer to make a transactional decision to click on the link which he would not have made otherwise.

Facts:

1 The plaintiff is an association whose statutory tasks include the protection of the commercial interests of its members, including the prosecution of breaches of fair trading law. The defendant is a so-called influencer who is active on the social media platform Instagram under the profile name “lu_coaching”, where she regularly publishes images and short video sequences, in particular of sports exercises as well as fitness and nutrition tips. In addition, she maintains a website on which she offers fitness courses and personal training for a fee and operates an online shop.

2 When the defendants profile on Instagram is accessed, a reference to her web address, her email address and an app called “Lu_Coaching” *inter alia* appear. Some of the defendants Instagram posts contain so-called “tap tags” inserted by the defendant. If the images provided with a “tap tag” and belonging to the posts are clicked on, the businesses or brands of the manufacturers of the products to be seen on the relevant image, in particular the defendants clothing, appear. By further clicking on these businesses or brands, the internet user is then redirected to the Instagram profile of the business in question.

3 The plaintiff considers this to be unlawful surreptitious advertising. It has requested that the defendant be ordered to cease and desist from presenting commercial content in the course of business in social media, for example in the social medium “Instagram”, by depicting a person (e.g. under the name “lu_coaching”), without making the commercial intent of the publication clear, unless it is immediately apparent from the circumstances, this being done by publishing contributions as follows

- with the image of a person (e.g. under the name “lu_coaching”) = 1st view,

- after calling up the 1st view by clicking on the display of the name of one or more businesses (or brands) on the same page = 2nd view
- and
- by a further click on the displayed names of the businesses (or brands) whose names are visible in the 2nd view, forwarding to the accounts of the business(es) in question = 3rd view,

without identifying the 1st or 2nd view as a commercial publication, provided this is done as reproduced in Annex K 4. ...

6 The district court upheld the action (decision of the Göttingen District Court, 13 November 2019 – 3 O 22/19, juris). The defendant's appeal was unsuccessful (Braunschweig Court of Appeal, GRUR-RR 2020, 452). With her appeal, leave to file which was admitted by the appeal court and which the plaintiff seeks to have dismissed, the defendant continues to pursue her motion to dismiss the action.

Findings:

...

9 – B. The defendant's appeal ... is unsuccessful. The action is admissible (see B I).

The appeal court rightly awarded the claim for injunctive relief (see B II), so that the claim for payment of the all-in amount for warning costs is also justified. ...

23 – II. The action is well-founded. The appeal court rightly granted the asserted claim for injunctive relief pursuant to Sec. 8(1) first sentence 1, Sec. 3(1), Sec. 5a(6) Act against Unfair Competition. The action challenges commercial practices of the defendant which can be subjected to an examination under unfair competition law pursuant to Sec. 3(1) of the Act (see B II 1). As a result, the appeal court also correctly assumed that the requirements of Sec. 5a (6) of the Act were satisfied (see B II 2).

24 – 1. The publication of the Instagram posts at issue took place in the context of the defendant's commercial practices within the meaning of Sec. 2(1) No. 1 Act against Unfair Competition. On the basis of the appeal court findings, however, it can only be assumed that commercial practices were carried out for the benefit of the defendant's own business and the R. N. business, but not for the benefit of the other third-party businesses.

...

29 – b) Pursuant to Sec. 2(1) No. 1 Act against Unfair Competition, a commercial practice is any conduct by a person for the benefit of that persons or a third-party's business before, during or after the conclusion of a business transaction which is objectively connected with promoting the sale or the procurement of goods or services or with the conclusion or the performance of a contract concerning goods or services.

30 The characteristic of an objective connection is to be understood functionally and requires the act to be objectively directed at promoting the sale or procurement of goods or services of a person's own business or of another business by influencing the transactional decisions of

consumers or other market participants (see decisions of the Federal Supreme Court, 10 January 2013 – IR 190/11, GRUR 2013, 945 para. 17 = WRP 2013, 1183 – *Standardisierte Mandatsbearbeitung*; 11 December 2014 – I ZR 113/13, GRUR 2015, 694 para. 20 = WRP 2015, 856 – *Bezugsquellen für Bachblüten*; 6 June 2019 – I ZR 216/17, GRUR 2019, 1202 para. 13 = WRP 2019, 1471 – *Identitätsdiebstahl*; 23 April 2020 – I ZR 85/19, GRUR 2020, 886 para. 32 = WRP 2020, 1017 – *Preisänderungsregelung*). An indication of a commercial practice for the benefit of another business may be that a commercial relationship exists with that business (see decision of the Federal Supreme Court, GRUR 2021, 497 para. 25 – *Zweitmarkt für Lebensversicherungen*).

31 If the practice primarily serves objectives other than influencing the transactional decision of consumers with regard to products and if it merely has a reflex-like effect on the promotion of sales or procurement, it does not constitute a commercial practice within the meaning of Sec. 2(1) No. 1 Act against Unfair Competition (cf. decisions of the Federal Supreme Court, GRUR 2013, 945 paras. 18 and 29 – *Standardisierte Mandatsbearbeitung*; GRUR 2015, 694 para. 22 – *Bezugsquellen für Bachblüten*; 31 March 2016 – I ZR 160/14, GRUR 2016, 710 paras. 12 and 16 = WRP 2016, 843 – *Im Immobiliensumpf*; GRUR 2021, 497 para. 27 – *Zweitmarkt für Lebensversicherungen*). Accordingly, ideological, scientific, editorial or consumer policy statements by businesses or other persons that are not functionally related to the promotion of sales or procurements are not subject to the Act against Unfair Competition Act (see decision of the Federal Supreme Court, GRUR 2016, 710 para. 12 – *Im Immobiliensumpf*).

32 Contrary to the assumption of the appeal court, there is no presumption that the practice of an entrepreneur falling within the scope of his commercial or professional activity is objectively related to the promotion of the sales of his own business or the promotion of the sales of another business. Admittedly, until the amendment of Sec. 2(1) No. 1 Act against Unfair Competition by the First Act Amending the Act against Unfair Competition of 22 December 2008 (Federal Gazette I p. 2949), a competitive practice required the intention to promote one's own or another's competition (cf. decision of the Federal Supreme Court, 27 November 2014 – I ZR 67/11, GRUR 2015, 692 para. 14 = WRP 2015, 854 – *Hohlkammerprofilplatten*, with further references) and the defendant's intention to promote the competition of its own business was presumed, provided its actions were objectively suitable for such promotion (see decision of the Federal Supreme Court, 5 February 2009 – I ZR 119/06, GRUR 2009, 876 para. 17 = WRP 2009, 1086 – *Änderung der Voreinstellung II*, with further references). However, this principle has become obsolete with the new version of Sec. 2(1) No. 1 of the Act, as a subjective element in the sense of an intention to promote competition is no longer required (see Explanatory Memorandum to the Government Draft of a First Act Amending the Act against Unfair Competition, BT-

Drucks. 16/10145, p. 12; ...). The question whether a practice primarily serves the promotion of one's own or another's sales or procurement of goods or services or other objectives is instead to be assessed on the basis of an appreciation of the entire circumstances of the individual case (cf. decision of the Federal Supreme Court, GRUR 2015, 694 para. 20 *Bezugsquellen für Bachblüten*).

33 – c) According to these standards, the publication of the Instagram posts took place in the context of a commercial practice by the defendant to promote her own business.

34 – aa) The defendant operates a business.

35 – (1) The term business describes the organisational entity in which a commercial, trade or self-employed professional activity is carried out (see Sec. 2(1) No. 6 Act against Unfair Competition; ...). A commercial practice requires the independent and systematic offering of paid services on the market for a certain period of time (see decision of the Federal Supreme Court, 4 December 2008 – I ZR 3/06, GRUR 2009, 871 para. 33 = WRP 2009, 967 – *Ohrclips*, with further references).

36 The same applies to influencers, with the result that they also operate a business, provided they themselves sell goods or services ... or market their own image and commercialise it through advertising revenue. ...

37 – (2) The appeal court found that the defendant is engaged in commercial practices. The appeal on the law raises no objections to this, nor does it disclose any error of law, since the defendant offers fitness courses and personal training activities in return for payment and both operates an online shop and publishes advertisements for other businesses in return for payment.

38 – bb) Since, according to the findings of the appeal court, the defendant received a fee from the R. N. business for the Instagram post on page 21 et seq. of Annex K 4, this publication itself constituted a commercial practice within the meaning of Sec. 2(1) No. 1 Act against Unfair Competition because it was made for the purpose of performing a contract for the benefit of the defendant's own business.

39 – cc) However, the operation of the Instagram profile, in the context of which the posts at issue were published, is also objectively suitable for promoting the defendant's business.

40 – (1) The appeal court found that the defendant's Instagram profile served to cultivate her image and to build up her own brand. The appeal does not dispute this. The profile with the posts published therein is suitable for raising the defendant's profile, binding followers to her and increasing the number of comments and "likes" from followers.

41 Thus, firstly, the profile and the posts are capable of increasing the sales of fitness courses and personal training activities as well as of goods via the defendant's website, links to which, according to the appeal court findings, are to be found in the defendant's Instagram profile. Influencers who themselves sell products via a social medium promote their own business through their posts in this social medium. ...

42 Secondly, the appeal court found, unchallenged by the appeal, that increasing the awareness and loyalty of followers arouses the interest of third-party businesses in influencer marketing in cooperation with the defendant, who can generate sales in this way. Influencers such as the defendant also promote their own business by increasing their advertising value. ...

43 – (2) The fact that posts that are superficially private are also published on the Instagram profile, such as the one on pages 24 and 25 of Exhibit K 4 in which the defendant discusses her summer holiday in Barcelona, does not change the business nature of the publication of all posts. An entrepreneur who uses private statements to promote the competition of her business gives such statements a commercial twist. ... It is precisely the opening up of the private sphere of life that makes it attractive for the audience to follow influencers, as this makes them appear more credible, approachable and likeable. ... The fact that the promotion of one's own image is a characteristic feature of influencers and the striving for an increase in reach is inherent in the circumstances of social networks and in the desire for attention cannot change the character as a commercial practice that is inevitably associated with this.

...

44 – (3) The operation of an Instagram profile that, as in the case at issue, is suitable for increasing the sales of the influencer's goods or services or her advertising value is a commercial practice for the promotion of her own business irrespective of the fact that editorial posts are published therein. In this constellation, the publication of editorial posts primarily serves the purpose of influencing transactional decisions of consumers or other market participants with regard to products of the defendant's own business. ...

46 In the case at issue, the self-serving commercial intent of the defendant's publications on Instagram comes to the fore because they have an effect for the benefit of the sale of the goods and services offered by the defendant. The defendant uses the following gained via Instagram to increase her product sales.

47 – (4) Finally the classification of the practices is also not at issue here as commercial practices for the benefit of the defendant's own business to be ruled out even if these practices are performed without financial consideration.

48 The lack of consideration does not preclude the classification as a commercial practice even in the light of Art. 2(f), second indent, of Directive 2000/31/EC on certain legal aspects of information society services, in particular electronic commerce, in the Internal Market. ... The publication of an Instagram post can therefore be classified as a commercial practice even if there is no commercial communication within the meaning of Art. 2(f), 2nd indent, of Directive 2000/31/EC because the influencer does not receive any consideration in return.

49 For the assumption of a commercial practice, the gratuitous character of the conduct in question is irrelevant, provided that it serves to promote

the commercial practices of the trader (see decision of the Federal Supreme Court, 19 April 2018 – I ZR 154/16, BGHZ 218, 236 para. 21 – *Werbeblocker II*; ...). This is the case here.

50 – d) The appeal court rightly assumed that the publication of the Instagram post on page 21 et seq. of Exhibit K 4, which contained a “tap tag” leading to the Instagram profile of the R. N. business according to page 23 of Exhibit K 4, constituted a commercial practice for the benefit of this business. The appeal on the law does not raise any objections to this either. If an influencer receives consideration for a promotional post, this publication unconditionally constitutes a commercial practice for the benefit of the promoted business. ...

[51 – e) With regard to the other Instagram posts, however, it cannot be assumed on the basis of the appeal court findings that there are commercial practices for the benefit of the third-party businesses. However, this does not have an effect on the final result, since the defendant has in any case acted commercially for the benefit of her own business and the R. N. business.

52 – aa) With respect to the Instagram posts containing references to further third-party businesses, the appeal court did not establish that the defendant had a business relationship with the businesses to whose Instagram profiles the “tap tags” refer or received consideration for the publication of their posts. However, it rightly assumed that the receipt of consideration is not a mandatory prerequisite for the existence of a commercial practice for the benefit of another business.

53 – bb) Contrary to the view of the appeal on the law, the assessment does not have to differentiate between the contributions including illustrations on the one hand and the “tap tags” on the other. No objection can be raised to the appeal court’s assumption that such a splitting of one and the same Instagram post would be unrealistic and artificial. Rather, the setting of the “tap tags” is to be included in the assessment of whether the Instagram posts at issue are commercial practices for the benefit of third-party businesses. Contrary to the opinion of the appeal, this applies despite the fact that the “tap tags” only become visible after the user has clicked on the respective image. This method of presentation does not lead to the names of the manufacturer and the brand being “hidden to such an extent” that for this reason alone it could not be said to be a targeted sales promotion.

54 – cc) Contrary to the opinion of the appeal court, the fact that the defendant seeks to promote the sales of her own product range within the framework of her Instagram presence and also endeavours to support the development of her own brand with her Instagram profile does not of itself support the conclusion that the defendant has engaged in commercial practices to promote the sales of third-party businesses. The existence of a commercial practice in the form of an entrepreneur acting for the benefit of her own business is not an indication that there is also a commercial practice for the benefit of another business. Although the appeal court correctly assumed in this context that, in such a commercial environment,

references to the goods and services of third-party businesses are not of a "purely private nature", this already follows from the fact that they are part of a commercial practice for the benefit of the defendants own business (see paras. 33 to 49 above) and is of no assistance with regard to the question whether there is (also) a commercial practice for the benefit of the third-party business.

55 – dd) Contrary to the appeal court's assumption, the fact that Instagram is the most popular social media platform for the use of "brand PR", that the defendant describes herself as an influencer and that she is willing to accept fees from third-party businesses for product placements, are also not decisive for the question whether the defendant has engaged in commercial practices for the benefit of businesses from which she has not been paid for "brand PR". Where the appeal court considers that it is sufficient that the defendant expects, as is obvious on the basis of these circumstances, that she will arouse the interest of third-party businesses in influencer marketing in cooperation with her and generate turnover in this way, it again focuses on an aspect which is relevant to the question of whether the defendant has engaged in commercial practices for the benefit of her own business. However, the promotion of another's competition does not follow from the widespread general interest on the part of influencers in attracting advertising customers by arousing their interest in a cooperation by placing "tap tags" that refer to their Instagram profiles (cf. decision of the Federal Supreme Court, 9 February 2006 – I ZR 124/03, GRUR 2006, 875 para. 28 = WRP 2006, 1109 – *Rechtsanwalts-Ranglisten*; ...). The appeal court did not find that the defendant linked the placing of "tap tags" in any way to her advertising business.

56 – ee) Finally, the appeal court assumed that the defendant's posts largely lacked any editorial occasion for the product advertising carried out therein, since in these posts the defendant neither reported on enquiries from her followers about a certain item of clothing, mentioning the manufacturer's name in this context, nor, in referring to corresponding enquiries, confined herself to editorially informing about the manufacturers. This does not stand up to review on appeal on the law.

57 – (1) When examining whether the internet presence of influencers primarily serves to promote the sales of other businesses or serves other, in particular editorial, objectives, account must be taken of the informational interest of their followers. The latter are not only interested in the influencers' private lifestyles, but also in what clothes they wear or what other products they use. ... The mere fact that the followers see the influencers' lifestyle as a suggestion for their own lifestyle and possibly imitate it does not mean that the internet presence primarily serves to promote the sales of other businesses. ...

58 Social media in general and posts by influencers in particular have an information and entertainment function vis-à-vis a not insignificant, in particular younger part of the general public, this function appearing alongside the traditional media. The contributions of influencers may in

particular be comparable to those of classic fashion magazines or other special interest media. ...

59 – (2) The assessment of the contributions of influencers in social media can have recourse to the criteria that have been developed for the classification of what are apparently editorial press articles as advertising.

...

60 Even if a classical media business does not receive any consideration from another business for an apparently editorial publication, it may nevertheless be a commercial practice for the benefit of that business if the overall impression of the contribution is excessively promotional, i.e. contains a promotional excess, so that the promotion of another's competition plays a greater than necessarily accompanying role (cf. decisions of the Federal Supreme Court, GRUR 1990, 373, 374 [juris para. 13] – *Schönheits-Chirurgie*; 3 February 1994 – I ZR 321/91, GRUR 1994, 441, 442 [juris para. 13 et seq.] = WRP 1994, 398 – *Kosmetikstudio*; 30 April 1997 – I ZR 196/94, GRUR 1997, 912, 913 [juris para. 15] = WRP 1997, 1048 – *Die Besten I*; GRUR 2002, 987, 993 [juris para. 34] – *Wir Schuldenmacher*; 1 April 2004 – I ZR 317/01, BGHZ 158, 343, 348 [juris para. 25] – *Schöner Wetten*; GRUR 2006, 875 para. 23 – *Rechtsanwalts-Ranglisten*; ...

61 Accordingly, account has to be taken of whether the post fails to maintain a critical distance and only praises the advantages in a way that gives the public the impression that the product or service is practically being recommended by the influencer (see decision of the Federal Supreme Court, GRUR 1994, 441, 442 [juris para. 13] – *Kosmetikstudio*), or whether the third-party products or services are mentioned and praised by name (cf. decisions of the Federal Supreme Court, 19 September 1996 – I ZR 130/94, GRUR 1997, 139, 140 [juris para. 15] = WRP 1997, 24 – *Orangenhaut*; 19 February 1998 – I ZR 120/95, GRUR 1998, 947, 948 [legal para. 28] = WRP 1998, 595 – *AZUBI '94*) and the presentation thus goes beyond the scope of factually based information (cf. decisions of the Federal Supreme Court, 18 February 1993 – I ZR 14/91, GRUR 1993, 561, 562 [juris para. 14] = WRP 1993, 476 – *Produktinformation I*; 23 January 1997 – I ZR 238/93, GRUR 1997, 541, 542 et seq. [juris para. 17] = WRP 1997, 711 – *Produkt-Interview*; GRUR 2006, 875 para. 27 – *Rechtsanwalts-Ranglisten*; ...). There can for instance be a promotional excess if the text of the Instagram post praises a product displayed in the picture in the euphoric manner typical of advertising

64 In the case of editorial contributions by a media business that fall under the special protection of Art. 5(1) second sentence Basic Law, an objective connection with the promotion of the sales of another business within the meaning of Sec. 2(1) No. 1 Act against Unfair Competition is to be denied if the contribution serves solely to inform and shape the opinion of its addressees (cf. decisions of the Federal Supreme Court, GRUR 2012, 74 para. 15 – *Coaching-Newsletter*; GRUR 2015, 694 para. 34 – *Bezugsquellen für Bachblüten*; 18 June 2015 – I ZR 74/14, BGHZ

206, 103 para. 10 – *Haftung für Hyperlink*; 17 December 2015 – I ZR 219/13, GRUR-RR 2016, 410 para. 11). In the case of a promotional excess in the sense described above, however, this requirement is not met.

65 – (4) The fact that the defendant provided the images with “tap tags”, in particular to designate the manufacturers of the items of clothing she wore, is not in itself sufficient to assume a promotional excess of the Instagram posts ..., even if the defendant had a considerable number of followers. ...

66 When assessing the content of the “tap tags” serving the public’s interest in information, account must be taken of the fact that the details in the “tap tag” can provide further information on the text or image post, for example by naming the manufacturer of the product depicted in the “tap tag”. ... However, if the “tap tag” has no recognisable connection to the posted text or image from the relevant point of view of the averagely informed, attentive and reasonable visitor to the Instagram profile, this will generally speak in favour of a commercial practice for the benefit of the third-party business. ...

67 – (5) The link to a website of the manufacturer of the depicted product as a rule contains a promotional excess. ... Even if links generally provide access to additional sources of information on the internet ..., by clicking on the link the reader of the Instagram post directly enters the manufacturing business’s sphere of advertising influence. The assumption of a promotional excess is as a rule justified not only if there is a reference to an internet page via which the product depicted can be purchased (cf. decision of the Federal Supreme Court, GRUR 2015, 694 para. 30 – *Bezugsquellen für Bachblüten*; ..., but also in the case of a reference to a website that does not directly enable the purchase. ... In both cases, a sufficient promotion of the third-party’s sales may lie in the fact that the consumer’s access to the third-party’s products is facilitated and accelerated.

68 – (6) Whether influencers’ posts in social media are commercial practices for the benefit of the third-party businesses according to these standards requires a comprehensive assessment by the trial court. In this context, a decisive factor is whether the viewer can in the light of the entire circumstances of the individual case conclude that the influencer has commercial interests based on the interaction between a posted product photo, any editorial context and the linking. The appraisal made by the appeal court in the case in question does not fully meet these standards. However, this does not have an effect on the final result if only because the appeal court rightly assumed that the defendant acted commercially by using the contested internet presence in any case to promote her own business as well as to promote the R. N. business.

69 – 2. On the basis of the findings made by the appeal court, the commercial practice engaged for the benefit of the R. N. business is to be assessed as unfair within the meaning of Sec. 5a(6) Act against Unfair Competition (see B II 2 a to d). As far as the defendant acted

commercially for the benefit of her own business, on the other hand, there is a lack of findings by the appeal court, without this having any effect on the final result (see B II 2 e).

70 – a) Pursuant to Sec. 5a(6) of the Act against Unfair Competition, a person acts unfairly if he fails to disclose the commercial intent of a commercial practice, unless this purpose is directly apparent from the circumstances, and the failure to disclose the intent is likely to induce the consumer to take a transactional decision which he would not have taken otherwise. ...

71 – b) No objection can be raised in the appeal on the law to the finding that there has been an infringement of Sec. 5a(6) Act against Unfair Competition with regard to the commercial practice to promote the R. N. business.

72 – aa) This commercial practice had the commercial intent of promoting R. N.'s business.

73 – (1) Just as with regard to the existence of a commercial practice, there is no presumption with regard to the commercial intent which would have to be rebutted by the defendant. ... Rather, the entire circumstances of the individual case must be assessed. ...

78 – (4) In the case at issue, too, the determination of the commercial intent of promoting the R. N. business must therefore be based on the same objective circumstances that are used to affirm the existence of a commercial practice (see above, para. 50).

79 – bb) The defendant did not indicate the commercial intent of the commercial practice for the benefit of the R. N. business.

80 – (1) How the commercial intent of a commercial practice is to be identified depends on the circumstances of the individual case. The reference must be made so clearly that the commercial intent pursuant to Sec. 3(4) first sentence Act against Unfair Competition is apparent at first glance and beyond doubt from the point of view of the reasonably well informed, reasonably observant and circumspect consumer who is a member of the target group. ... The fact that influencers also address young users, some of whom are still minors ..., does not fundamentally change this standard. Pursuant to Sec. 3(4) second sentence Act against Unfair Competition, the perspective of an average member of a clearly identifiable group of consumers who, due to mental or physical infirmity, age or credulity, are particularly vulnerable with regard to these commercial practices or the goods or services on which they are based, in particular children and adolescents, is not to be taken into account *a priori* if they are amongst those who might be influenced by the commercial practice in question, but only if the commercial conduct of this consumer group alone is likely and foreseeable to be significantly influenced (see decisions of the Federal Supreme Court, 12 December 2013 – I ZR 192/12, GRUR 2014, 686 Nos. 13 to 17 – *Goldbärenbarren*; 24 July 2014 I ZR 221/12, GRUR 2014, 1013 No. 33 = WRP 2014, 1184 – *Original Bach-Blüten*).

81 – (2) The appeal court assumed that the link to the Instagram presence of the R. N. business which was to be regarded as advertising was not accompanied by a notice identifying the commercial intent in the manner required by law. The post on the defendant's Instagram profile contained a reference to advertising only after the advertisement for the "brand new Raspberry Jam by R.", which was embedded in the continuous text and did not make it possible to recognise the advertising character at first glance. This stands up to legal scrutiny. ...

83 Contrary to the view of the appeal on the law, the statement "*Advertising: new in the shop from tomorrow" in the text part of the Instagram post is not sufficient because it appears "simultaneously" with the image containing the "tap tag" with the link to the R. N. business's Instagram profile.

84 It is already doubtful whether the reference to "advertising" refers at all to an advertisement for the benefit of the R. N. business or to an advertisement for the defendant's online shop.

85 In any case, no objection can be raised in the appeal on the law to the fact that the appeal court did not consider this reference in the continuous text to be sufficient because the "tap tag" in question here is embedded in the image next to the text. Thus, the reference point of the "advertising" notice is ambiguous. It is not sufficiently clear whether it should refer to the "tap tag" embedded in the image, which, moreover, is only visible after clicking on it. Nor is the word "advertisement" clearly highlighted and set off in a different colour or by the design of the font, a previously inserted paragraph or similar stylistic device in such a way that the advertising character of the contribution could be recognised at first glance. ...

86 – cc) Nor was the labelling of the commercial intent of promoting the R. N. business dispensable.

87 – (1) A labelling of the commercial intent is not necessary if the external appearance of the commercial practice is designed in such a way that consumers can clearly and unambiguously recognise the commercial intent at first glance. ...

88 When assessing whether consumers can clearly and unambiguously recognise the commercial intent of an Instagram post, the decisive factor is not whether the average user only recognises its advertising effect after analysing the post. This indeed does not preclude the user from first paying closer attention to the post because he is under the mistaken assumption that it is a non-commercial statement. In this context, it is not sufficient that the public recognises, for example, an extremely positive description of a product. Rather, it must immediately and unequivocally recognise that this description serves to advertise the product (see decision of the Federal Supreme Court, GRUR 2013, 644 para. 21 – *Preisrätselgewinnauslobung V*;. ...

89 It is therefore not sufficient if the advertising character of a post only becomes apparent to the consumer after he has already taken notice of it, because then he has already succumbed to the luring effect which the

labelling requirement is intended to prevent, and has been exposed to the advertising message unprepared. ... The purpose of labelling is precisely to give the consumer the opportunity to adjust to the commercial nature of the practice so that he can critically assess it from the outset or avoid it altogether. ... It is therefore not contradictory that labelling may also be required for Instagram posts whose promotional excess is only recognisable after studying the entire post. ...

90 The frequent mixing of non-promotional and promotional posts can be in conflict with the assessment that the commercial intent of individual posts to promote third-party businesses is apparent from the circumstances. ... In the case of such an intermingling of the posts, the commercial intent of individual posts does not already result from a possible verification of the profile (i.e. the labelling as a "real profile" of the named owner, which only occurs in the case of persons with a certain public profile or upwards of a certain number of followers, cf. decision of the Federal Supreme Court, 9 September 2021 – I ZR 125/20 para. 37 – *Influencer II* [IIC 4/2022, <https://doi.org/10.1007/s40319-022-01181-y>; ...], a particularly high number of followers or from a general reputation of the influencer. ...

91 – (2) It was also from these principles that the appeal court proceeded. It assumed that it was precisely in the nature of influencer contributions that the advertising character was generally not recognisable at first glance. In the context of her Instagram profile, the defendant reported, for example, on her preference for Nike shorts, her seasonal habit of wearing leggings, her dreams of wearing sportswear and shorts in various colours, her cardio training and its benefits, as well as recreation drawn from her holidays. In this way, she orchestrates her life by presenting the appropriate brands. The defendant's profile did not contain any circumstances clearly indicating its commercial intent. It was not maintained as a business account, as was possible on Instagram, but as the defendant's private profile, albeit public in that it could be viewed by anyone, and which was separate from her commercial practices. There were no terms that were actually unambiguous and common in legal relations that consumers were accustomed to using, such as "advertising" or "advertisement". Nor did the header of the profile make its commercial intent clear beyond doubt at first glance. The fact that the defendant, as could be seen from the profile header, also maintained a website at www.lu-coaching.de and did not use her real name was not capable of indicating the commercial intent of the Instagram profile. This stands up to review on appeal on the law.

92 – (3) Contrary to the view of the appeal on the law, the fact that it is apparent that the influencer is not only acting for purely private purposes but also for the benefit of her own business and thus for commercial intents is not sufficient for it being apparent that she is acting for the benefit of another business. It is not only necessary that a commercial intent is in some way apparent to the addressees from the circumstances, but any commercial intent pursued with an act of communication must be recognisable. ...

93 – dd) The non-disclosure was also likely to induce the consumer to take a transactional decision that he would not have taken otherwise.

94 – (1) The appeal court assumed the relevance of the infringement of the identification requirement. It was precisely the purpose of the defendant's advertising to induce her followers to purchase the advertised products from the manufacturers concerned, purchases that they would not otherwise have made or not at that time. The defendant's followers understood the defendant as a role model and followed her example in the selection of products in the manner of a recommendation, to which, due to its seemingly private nature, they would attach greater objectivity and neutrality than they would to an advertisement labelled as such. This withstands legal review in the final analysis.

95 – (2) According to Sec. 2(1) No. 9 Act against Unfair Competition, a transactional decision, the taking of which is capable of being induced by the non-disclosure within the meaning of Sec. 5a(6) of the Act, is any decision taken by a consumer or other market participant regarding whether, how and on what terms to conclude a transaction, make a payment for, retain or dispose of goods or services or to exercise a contractual right in connection with the goods or services, regardless of whether the consumer or other market participant decides to act. In addition to the decision to procure or not to procure, the term "transactional decision" also covers directly related decisions such as, in particular, entering a shop ... or calling up a business's website in order to take a closer look at its range and products. ... By contrast, the consumer's decision to take a closer look at an advertised offer in an advertisement does not in itself constitute a transactional decision in the absence of a direct connection with a purchase transaction. ...

96 – (3) According to these standards, although the consumer's decision to take a closer look at the Instagram post with reference to the R. N. business and to have the "tap tag" displayed by a first click (on the image of the product) is not yet a transactional decision ..., the second click (on the "tap tag") which brings the consumer to the Instagram profile of the linked business constitutes a transactional decision. It is of no relevance that the links were not directly to the products offered by the R. N. business. It is sufficient that the consumer was able to learn more about the business and its products via its Instagram profile, in particular because a link to its website was provided there. ...

97 – (4) The failure to disclose the commercial intent of the commercial practice is capable of inducing users of the defendants Instagram post to click on the "tap tag".

98 Just as for the breach of the duty to inform under Sec. 5a(2) Act against Unfair Competition, the breach of the duty to inform under Sec. 5a(6) of the Act is subject to the assumption that the failure to disclose the commercial intent is usually capable of inducing a transactional decision by the consumer. This is because the consumer is more critical of a commercial practice from the outset if he recognises the commercial intent. ... Therefore, the trader also bears the secondary burden of proof in

the context of Sec. 5a(6) of the Act for circumstances that speak against the relevance of the infringement of the identification requirement. ...

99 The appeal on the law has not referred to the defendant's submission, ignored by the appeal court, on circumstances which speak against the relevance of the non-disclosure of the commercial intent of the commercial practice carried out for the benefit of the R. N. business. Instead, it argues unsuccessfully that this commercial intent does not need to be identified because it results directly from the circumstances.

100 Nor is the assumption of relevance precluded by the fact that the users of an Instagram profile generally know that not only editorial contributions appear on the pages of the influencers they follow, but that advertising is also carried out for the benefit of third parties. ... Such knowledge does not affect the causal connection between the failure to identify a specific contribution as advertising in an individual case and the consumer's transactional decision.

101 – c) The assumption that the commercial practice for the benefit of the R. N. business is unfair pursuant to Sec. 5a(6) Act against Unfair Competition is consistent with the provisions of Sec. 6(1) No. 1 Trade Mark Act, Sec. 58(1) first sentence 1 Interstate Broadcasting Treaty and Sec. 22(1) first sentence Interstate Media Treaty, since this practice also infringes these provisions. In the case at issue, it is therefore irrelevant that a commercial practice for the benefit of another's business which fulfils the requirements of Sec. 5a(6) Act against Unfair Competition is not to be regarded as unfair if it meets the requirements of these provisions because they are special provisions that take precedence (cf. in this respect decision of the Federal Supreme Court, 9 September 2021 – I ZR 125/20, paras. 58 to 61 and 71 – *Influencer II*).

102 – aa) The commercial practice for the benefit of the R. N. business violates Sec. 6(1) No. 1 Telemedia Act.

103 – (1) Pursuant to Sec. 6(1) No. 1 Telemedia Act, service providers must ensure that commercial communications that are telemedia or parts of telemedia must be clearly identifiable as such. ...

107 ... [T]he defendant is also a service provider, as she operates an independent profile on the social media platform Instagram.

108 – (4) The defendant's Instagram post is a commercial communication.

...

110 According to both the old and the new version of Sec. 2 first sentence No. 5b) Telemedia Act, there is only a commercial communication for the benefit of a third-party business if a financial return is provided for it. The defendant received such financial return with regard to the Instagram post for the benefit of the R. N. business.

111 – (5) The commercial communication was not clearly recognisable as such. In this respect, the same applies as with regard to the sufficient identification or direct recognisability of the commercial intent pursuant to Sec. 5a(6) Act against Unfair Competition (see paras. 79 to 92 above).

112 – bb) The commercial practice for the benefit of the R. N. business also violates Sec. 58(1) first sentence Interstate Broadcasting Treaty and Sec. 22(1) first sentence 1 of the Interstate Media Treaty of 14 September 2020 (Lower Saxony Official Gazette p. 289), which replaced the Interstate Broadcasting Treaty with effect from 7 November 2020 after the appeal decision was handed down.

113 – (1) Pursuant to Sec. 58(1) first sentence 1 Interstate Broadcasting Treaty, advertising must be clearly recognisable as such and distinctly separate from the other parts of the offers provided. This provision corresponds to that in Sec. 22(1) first sentence Interstate Media Treaty. Both provisions are applicable to advertising in telemedia,. . . .

115 – (3) The Instagram post for the benefit of the R. N. business contains advertising.

116 Pursuant to Sec. 2(2) No. 7 Interstate Broadcasting Treat, advertising is any statement made in the exercise of a trade, business, craft or profession which is broadcast on the radio by a public or private broadcaster or by a natural person, either in return for payment or for similar consideration or as self-promotion, with the aim of promoting the sale of goods or the provision of services, including immovable property, rights and obligations, in return for payment.

117 This definition is also to be applied to the concept of advertising in telemedia pursuant to Sec. 58(1) of the Treaty. . .

118 Accordingly, the term advertising is now also defined in Sec. 2(2) No. 7 Interstate Media Treaty as any form of announcement that serves to directly or indirectly promote the sale of goods and services, including immovable property, rights and obligations, or the appearance of natural or legal persons engaged in an economic activity, and in return for remuneration or a similar consideration, or as self-promotion, and is recorded on the radio or a telemedia channel.

119 The Instagram post fulfils these requirements, as it served to promote the sale of the goods of the R. N. business and the defendant received a financial return for it.

120 – (4) The advertising was not clearly recognisable as such. In this respect, the same applies as with regard to the sufficient identification or direct recognisability of the commercial intent pursuant to Sec. 5a(6) Act against Unfair Competition (see paras. 79 to 92 above).

121 – d) The prohibition based on a violation of Sec. 5a(6) Act against Unfair Competition does not violate any of the defendant's fundamental rights under Art. 5(1) Basic Law.

122 – aa) The defendant's freedom of expression under Art. 5(1) first sentence Basic Law is not violated. . .

125 In the overall assessment to be undertaken, in addition to the defendant's interest based on fundamental rights, the general public's interest in undistorted competition must be taken into account, to which the labelling obligation of Sec.

5a(6) Act against Unfair Competition, which serves consumer protection, also contributes. If the protective purpose of the functioning of performance-based competition under unfair competition law ... is affected and, at the same time, it is established that the duty to label does not regulate the content of the expression of opinion, but only concerns the manner of its presentation ..., the encroachment on fundamental rights inherent in the prohibition proves to be proportionate and therefore justified.

126 – bb) To the extent that contributions by influencers in social media fall within Art. 5(1) second sentence Basic Law (see para. 62 above), a question that need not be resolved here, this encroachment on fundamental rights also proves to be proportionate and therefore justified in the light of the overall circumstances, in particular in view of the fact that Sec. 5a(6) Act against Unfair Competition does not regulate the content of editorial reporting, but instead guarantees a transparency requirement related to advertising and serving consumer protection.

127 – e) With regard to the defendant's commercial practice contained in the contested Instagram presence and carried out for the benefit of her own business, a violation of Sec. 5a (6) Act against Unfair Competition cannot be assumed without this having an effect on the final result.

128 – aa) The appeal court did not make sufficient findings as to whether the defendant's commercial practice for the benefit of her own business, in the context of which the Instagram posts were published, was unfair under Sec. 5a(6) Act against Unfair Competition. It merely assumed that the commercial intent of the third-party advertising had not been made sufficiently clear. It thus did not make any findings as to whether the relevant public could recognise that the defendants Instagram posts (also) served the purpose of self-promotion, i.e. pursued the commercial intent of promoting the defendant's business, on the one hand by increasing sales of fitness courses, personal training and goods via the website and, on the other hand, by strengthening the defendant's image, which was intended to lead to an increase in her advertising value.

129 Furthermore, there is a lack of findings as to whether the non-disclosure of these commercial intents is capable of inducing consumers to make a transactional decision.

130 – bb) However, this does not have an effect on the final result because the claim for injunctive relief asserted is already well-founded with regard to the defendant's commercial practice for the benefit of the R. N. business.

...

B. Influencer II

Decision of the Federal Supreme Court of Germany (Bundesgerichtshof); 9 September 2021 – Case No. I ZR 125/20 (IIC 2022, 667)

1. The provisions of Sec. 6(1) No. 1 Telemedia Act for commercial communication in telemedia, and Sec. 58(1) first sentence

Interstate Broadcasting Treaty and Sec. 22(1) first sentence

Interstate Media Treaty for advertising in telemedia, are sector-specific provisions concerning market conduct in telemedia. The media law value decisions expressed in these special provisions must not be undermined by the application of the unfair competition law general provision of Sec. 5a(6) Act against Unfair Competition (continuation of decision of the Federal Supreme Court, 24 March 2016 – I ZR 7/15, GRUR 2016, 1068 para. 20 = WRP 2016, 1219 – Textilkennzeichnung).

2. The criterion of financial return provided for in Sec. 6(1) No. 1 Telemedia Act for commercial communication in telemedia and in Sec. 58(1) first sentence Interstate Broadcasting Treaty and Sec. 22(1) first sentence Interstate Media Treaty for advertising in telemedia only applies to promotional practices for the benefit of third parties, but not to self-promotion.

Facts:

1 The plaintiff is a registered association for combating unfair competition. Its statutory tasks include the protection of its members' commercial interests. The defendant is active as a so-called "influencer" on Instagram and maintains an account under the name "ohhcouture", which is used by her predominantly commercially and was subscribed to by 1.7 million registered users of this internet platform in May 2018. The defendant regularly publishes on it pictures of herself with short accompanying texts on the topics of beauty, fashion, lifestyle and travel.

2 The defendant's posts are accompanied by references to the manufacturers of the clothes worn in the image or other objects depicted. Some of these are "tagged", i.e. the defendant has linked her published image to the Instagram user profiles of companies or brands by placing so-called "tap tags". Clicking on the image causes the manufacturer's name to appear on the relevant dress, accessory, etc. displayed. Clicking on the name of the business redirects the user to the manufacturer's Instagram account. From there, another click leads to its website. There was no indication that these "tap tags" were advertising.

3 The plaintiff considers this to be unlawful surreptitious advertising. It requested that the defendant be ordered to cease and desist from presenting commercial content in the course of business in social media, for example in the social medium "Instagram", depicting a person (designation "ohhcouture"), without making the commercial intent of the

publication clear, unless it is immediately apparent from the circumstances, this being done by publishing posts as follows:

- with the image of a person (e.g. under the name "ohhcouture") = 1st view,
- after calling up the 1st view by clicking on the display of the name of one or more businesses (or brands) on the same page = 2nd view and
- by a further click on the displayed name(s) of the business(es) (or brands) whose name(s) are displayed in the image in the 2nd view, forwarding to the account of the business(es) in question = 3rd view,

without identifying the 1st or 2nd view as a commercial publication, in each case provided this is done as reproduced by Collection of Exhibits K 3. ...

6 The Regional Court upheld the action (Hamburg Regional Court, decision of 28 March 2019 403 HKO 127/18, juris). On the appeal by the defendant, the appeal court dismissed the action (Hamburg Superior Regional Court, K&R 2020, 630). In its appeal, leave to file which was granted by the appeal court and dismissal of which is requested by the defendant, the plaintiff seeks the restoration of the Regional Court decision.

Findings:

9 – B. The plaintiff's appeal ... is unsuccessful. There is no need to determine whether the action is admissible in its entirety (see B I). In any event, the plaintiff is not entitled to the injunctive relief asserted in the action and the claim for reimbursement of the warning costs as against the defendant (see B II).

18 – II. The denial of the asserted claim for injunctive relief pursuant to Sec. 8(1) first sentence, Sec. 3(1) Act against Unfair Competition and consequently also of the claim for reimbursement of an all-in amount for warning costs withstands review on appeal on the law. Admittedly, it must be assumed that the defendant has engaged in business practices that can be examined under unfair competition law pursuant to Sec. 3(1) of the Act (see B II 1). However, in its result, the appeal court rightly held that there was no unfairness in the form of a violation of Sec. 5a(6) of the Act (see B II 2) nor pursuant to Sec. 3a of the Act in conjunction with Sec. 6(1) No. 1 Telemedia Act and Sec. 58(1) first sentence Interstate Broadcasting Treaty (see B II 3), or illegality pursuant to Sec. 3(3) Act against Unfair Competition in connection with No. 11 of the Annex to that section (see B II 4).

19 – 1. It must be assumed that the publication of the Instagram posts at issue took place in the context of the defendant's business practices within the meaning of Sec. 2(1) No. 1 Act against Unfair Competition.

20 – a) Pursuant to Sec. 2(1) No. 1, a commercial practice is any conduct by a person for the benefit of that person's or a third party's business before, during or after the conclusion of a business transaction, which

conduct is objectively connected with promoting the sale or the procurement of goods or services or with the conclusion or performance of a contract concerning goods or services.

21 – b) The appeal court assumed that the posts at issue and the “tap tags” they contained were business practices, since the defendant had promoted both the sale of goods or services of the advertised businesses and her own business. The appeal on the law accepts this as being in its favour.

22 – 2. The appeal court assumed, to which no objection can be raised on appeal on the law, that the defendant did not violate Sec. 5a(6) Act against Unfair Competition by publishing the posts in the context of a commercial practice to promote her own business (see B II 2 a and b). It is not necessary to determine whether the appeal’s objection is to be upheld that a violation of Sec. 5a(6) Act against Unfair Competition by the business practices to promote the third parties’ businesses cannot be denied on the basis of the reasoning given by the appeal court; unfairness pursuant to Sec. 5a(6) Act against Unfair Competition is ruled out in this respect in any case because this practice does not prove to be unfair under the special provisions that apply to commercial communication or advertising in telemedia (see B II 2 c).

23 – a) Pursuant to Sec. 5a(6) Act against Unfair Competition, a person acts unfairly if he fails to disclose the commercial intent of a commercial practice, unless this intent is directly apparent from the context, and where such failure to identify the commercial intent is suited to causing the consumer to take a transactional decision which he would not have taken otherwise. The provision is intended to extend the prohibition of surreptitious advertising under media law to all forms of advertising (on Sec. 4 No. 3 Act against Unfair Competition, old version, cf. decision of the Federal Supreme Court, 31 October 2012 – I ZR 205/11, GRUR 2013, 644 para. 15 = WRP 2013, 764 – *Preisrätselgewinnauslobung V*; Justification of the Government Bill for an Act against Unfair Competition, BT-Drucks. 15/1487, p. 17). It thus aims to protect consumers from being deceived about the commercial background of commercial practices. In this respect, it also serves to implement Art. 7(2) of Directive 2005/29/EC ..., according to which it is considered a misleading omission if a trader fails to identify the commercial intent of the commercial practice, unless this is directly apparent from the circumstances, and this causes or is likely to cause an average consumer to take a transactional decision that he would not have taken otherwise. The basis of the prohibition is the misleading effect on the reader who, due to the editorial character of the article, is less critical of it and attaches greater importance and attention to it (see decisions of the Federal Supreme Court, 29 March 1974, GRUR 1975, 75, 77 [juris para. 17] – *Wirtschaftsanzeigen-public-relations*; 18 February 1993, GRUR 1993, 561, 562 [juris para. 14] = WRP 1993, 476 – *Produktinformation I*; 6 July 1995 – I ZR 58/93, BGHZ 130, 205, 214 et seq. [juris para. 53] – *Feuer, Eis & Dynamit I*; GRUR 2013, 644 para. 16 – *Preisrätselgewinnauslobung V*; ...).

24 – b) No objection can be raised in the appeal on the law to the finding that there has been no infringement of Sec. 5a(6) Act against Unfair Competition through the publication of the posts as part of a commercial practice to promote the defendant's own business.

25 – aa) This commercial practice had the commercial intent of promoting the defendant's own business.

26 – (1) Just as with regard to the existence of a commercial practice, there is no presumption with regard to the commercial intent which would have to be rebutted by the defendant. ... Rather, the entire circumstances of the individual case must be assessed.

27 – (2) There is disagreement as to how "commercial intent" within the meaning of Sec. 5a(6) Act against Unfair Competition is to be determined.

...

30 – (3) This question does not need to be decided, as the above-mentioned views do not come to different results in practical application. ... Even if the commercial intent was based on the entrepreneur's subjective motivation, in practice this can nevertheless as a rule only be determined on the basis of objective evidence. ... In this respect, the same would therefore apply as in the assessment of the question whether a use of editorial content financed by the entrepreneur pursuant to No. 11 of the Annex to Sec. 3(3) Act against Unfair Competition is "for the purpose of sales promotion". A use "for the purpose of sales promotion" within the meaning of this provision is to be assumed if an entrepreneur has the intention to promote the sale of his goods or services through the editorial content. In turn, such an intention is always to be assumed if the contribution objectively contains an advertisement. ... 31 – (4) In the case at issue, too, the existence of the commercial intent of promoting one's own business therefore follows from the existence of a corresponding commercial practice.

32 – bb) As the appeal court found, the defendant did not identify the commercial intent of the Instagram posts.

33 – cc) However, the identification of the commercial intent of promoting her own business was dispensable.

34 – (1) An identification of the commercial intent is not necessary if the external appearance of the commercial practice is designed in such a way that consumers can clearly and unambiguously recognise the commercial intent at first glance (see decisions of the Federal Supreme Court, GRUR 2012, 184 para. 18 – *Branchenbuch Berg*; GRUR 2013, 644 para. 15 – *Preisrätselgewinnauslobung V*; ...). Pursuant to Sec. 3(4) first sentence Act against Unfair Competition, the question of how the advertising is understood must be based on the view of the averagely informed, situationally adequately attentive and reasonable consumer who is a member of the target group. ...

35 When assessing whether consumers can clearly and unambiguously recognise the commercial intent of an Instagram post, the decisive factor is not whether the average user only recognises its advertising effect after

analysing the post. This indeed does not preclude the user from first paying closer attention to the post because he is under the mistaken assumption that it is a non-commercial statement. In this context, it is not sufficient that the public recognises, for example, an extremely positive description of a product. Rather, it must immediately and unequivocally recognise that this description serves to advertise the product (see decision of the Federal Supreme Court, GRUR 2013, 644 para. 21 – *Preisrätselgewinnauslobung V*; ...).

36 It is therefore not sufficient if the advertising character of a post only becomes apparent to the consumer after he has already taken notice of it, because then he has already succumbed to the luring effect which the identification requirement is intended to prevent, and has been exposed to the advertising message unprepared. ... The purpose of identification is precisely to give the consumer the opportunity to adjust to the commercial nature of the practice so that he can critically assess it from the outset or avoid it altogether. ... It is therefore not contradictory that identification may also be required for Instagram posts whose promotional excess is only recognisable after studying the entire post. ...

37 – (2) It was also from these principles that the appeal court proceeded. It assumed that the defendant's Instagram account was a verified account due to the blue tick at the beginning, which Instagram only granted to persons with a certain public profile or a certain number of followers. This "status symbol" on the social media platform suggests an account that is very much dedicated to image cultivation and is operated for purely commercial reasons. Furthermore, the profile showed that the defendant had 1.7 million followers. It could also be inferred from the contested posts that 60,693 persons, 45,269 persons and 64,740 persons respectively had "liked" them. It was therefore impossible for individual consumers to assume, in view of these numbers of followers or visitors, that they were the defendant's private friends. Every consumer was immediately aware that this was a public appearance by the defendant. It was thus clear to every user that the defendant was not posting in order to inform her friends about her activities and to exchange information with them, but that the reason for doing so was commercial. Instagram accounts were primarily accessed by consumers who used this medium more or less regularly and were therefore informed that social media included not only private accounts but often also accounts that were used commercially. If individuals intended to maintain a purely private exchange with friends, they would not make their Instagram account accessible to the public, but only to a limited number of trusted persons.

38 Participation on Instagram is only possible after prior registration, so that it is a closed circle of users. Anyone who registers here is aware of the special features and the rules of this medium. At the latest when the user notices that the defendant provides the contested links to the businesses of the clothing worn by her on her website, it would become abundantly clear that the account was a commercial one. The defendant used an account name that differed significantly from her real name. Instagram users therefore either found the defendant's account by chance

or searched for it specifically because they knew the account name. This was also only possible for people who were familiar with the way Instagram worked. The posts in dispute showed the defendant in Munich and twice in Dubai, each time in different clothes and with different accessories. They were not "snapshots" but obviously well-arranged presentations that were also of high photographic quality.

39 Influencer marketing has developed into a respectable form of marketing in recent years. It was sometimes referred to as the most important digital marketing trend of all. In 2017 alone, a budget of over €560 million was invested in this sector. The reasons for Instagram's popularity are the wide age range of its users, and above all its global reach and ease of use. The number of users is over 500 million worldwide. Of these, 18 million are in Germany alone. These figures alone make it clear that the people who make their Instagram accounts public are usually people who are pursuing a commercial intent. This was also known to the target public. It was also in this context that the defendant described herself as a so-called "influencer", which are usually well-known and popular individuals who are paid to be depicted with a certain product.

40 The representation with which the defendant tried to give her posts a personal and private touch did not in itself prevent the commercial intent being clear. That commercial interests were dressed up in ostensibly private matters was clear in the defendant's posts and appeared as a marketing measure that did not remain concealed from consumers and of which they were also aware. This mixture was also used elsewhere to promote sales. In magazines, well-known persons are regularly portrayed as role models for a particular look, with the relevant manufacturers of the outfits being named. "Fashion bloggers" are mentioned by name and given the opportunity to present fashion and accessories over several pages, again naming the manufacturers. Journalists present their personal fashion favourites in magazines, naming the manufacturers or retailers. The only difference to the defendant's posts was that in a paper medium it is not possible to place a link directly to manufacturers. Otherwise, however, there was no difference in the presentation of the pages and the way they addressed consumers. All this showed that consumers were aware that a presentation of personal recommendations that looked private was nevertheless advertising or could at least be advertising.

41 This was not altered by the fact that consideration had to be taken of the safety of young users, some of whom were still minors, in the case of some accounts. The defendant was obviously not addressing a young audience, or at least the plaintiff, who was subject to the burden of proof, had not submitted anything to this effect with regard to the defendant. The defendant herself was 32 years old and thus hardly a role model for young adolescents in terms of age. In the contested posts, she presented herself with high-quality clothing and other luxury items in a price segment that young people were hardly likely to afford. Both the Kempinski Hotel Munich and fashion brands such as Chasing Unicorns and

Rejina Pyo appeal to female customers who value exclusivity and sophistication. As a rule, this does not appeal to young people.

42 Finally, the fact that the plaintiff's legal disputes with various female influencers had attracted a great deal of media attention in Germany could not be ignored. As a result, the commercial intent of the Instagram accounts of female influencers had become additionally or even more widely known, so that by now at the latest there could no longer be any doubt, even for the average consumer who was (only) averagely informed and situationally adequately attentive, that these accounts were operated for commercial intents. The same applied to the questions, also discussed in daily newspapers, surrounding the Federal Ministry of Justice and Consumer Protection's proposed regulation on the distinction between non-commercial communication for information and opinion-forming, and commercial practices.

43 No objection can be raised to this in the appeal on the law.

44 – (3) The determination of the public's perception is only subject to a limited review in the appeal on a point of law, namely as to whether the appeal court exhausted the factual material without procedural error and whether the assessment is in line with the laws of logic and the general principles of experience. ... The appeal on the law does not indicate any corresponding errors of law. Almost throughout, it only argues that this reasoning cannot be used to reject the requirement to separately identify advertising for third-party businesses.

45 It is only in the context of its objection that it cannot be assumed that every newcomer who registers on Instagram for the first time is already familiar with the practices of this medium and that it was not true that the defendant did not from the outset address a young audience with her posts, that the appeal on the law is not directed solely at the appeal court's failure to hold that the third-party advertising required identification. However, these objections of the appeal are unsuccessful, since according to Sec. 3(4) first sentence Act against Unfair Competition it is the view of the averagely informed, situationally adequately attentive and reasonable consumer who is a member of the target public, that is to be taken into account. This is not a newcomer. The view of an average member of a clearly identifiable group of consumers who, due to mental or physical impairments, age or credulity, are particularly in need of protection with regard to these commercial practices or the goods or services on which they are based, in particular children and adolescents, is not to be taken into account pursuant to Sec. 3(4), second sentence, Act against Unfair Competition even if they might also be influenced by the commercial practice in question, but only if the commercial conduct of this consumer group alone is likely and foreseeably to be significantly influenced (see decisions of the Federal Supreme Court, 12 December 2013 – I ZR 192/12, GRUR 2014, 686 paras. 13 to 17 – *Goldbärenbarren*; 24 July 2014 – I ZR 221/12, GRUR 2014, 1013(3)3 = WRP 2014, 1184 – *Original Bach-Blüten*). The appeal court did not establish that this requirement was met in the case at issue, nor does the appeal

argue that the appeal court ignored the plaintiff's submission to this effect.

46 – c) It is not necessary to determine whether the appeal on the law can succeed with its objection that a violation of Sec. 5a(6) Act against Unfair Competition by the business practices to promote the third-party businesses cannot be denied on the basis of the grounds given by the appeal court. Even if, as can be assumed to the benefit of the appeal, the requirements of Sec. 5a(6) are met with regard to business practices for the benefit of third-party businesses, these business practices cannot be deemed unfair in the case at issue, because these practices in any event satisfy the overriding special provisions of Sec. 6(1) No. 1 Telemedia Act for commercial communication in telemedia and Sec. 58(1) first sentence Interstate Broadcasting Treaty and Sec. 22(1) first sentence Interstate Media Treaty for advertising in telemedia.

47 – aa) The contested practices satisfy the requirements of Sec. 6(1) No. 1 Telemedia Act for advertising in telemedia.

48 – (1) Pursuant to Sec. 6(1) No. 1 Telemedia Act, in the case of commercial communications that are telemedia or parts of telemedia, service providers must ensure that the commercial communications must be clearly recognisable as such.

49 – (2) The defendant's Instagram posts are parts of her Instagram profile, which is a telemedium, namely an electronic information and communication service within the meaning of Sec. 1(1) first sentence Telemedia Act.

50 – (3) The defendant is a service provider within the meaning of Sec. 2 first sentence No. 1 Telemedia Act.

51 Pursuant to Sec. 2 first sentence No. 1 Telemedia Act, ... a service provider is anyone who provides his own or others' telemedia for use or provides access to use. The term service provider is to be defined functionally. He must enable the dissemination or storage of information through his instructions or his power over computers and communication channels and must appear to the outside world as the provider of services (see decision of the Federal Supreme Court, 15 October 2020 – I ZR 13/19, GRUR 2021, 63 para. 16 = WRP 2021, 56 – Stoererhaftung des Registrars). In addition to the owner of a website, in the case of internet portals such as social media in particular, where users maintain subpages with a communication-related autonomy, these users are therefore also service providers. ...

52 According to this criterion, the defendant is also a service provider, as she operates an independent profile on the social media platform Instagram.

53 – (4) However, the defendant's Instagram posts do not constitute commercial communications within the meaning of Sec. 6(1) No. 1 Telemedia Act, with the consequence that the defendant's contested commercial practice for the benefit of third-party businesses does not violate this provision.

54 Pursuant to Sec. 2 first sentence No. 5 of the German Telemedia Act, a commercial communication is any form of communication which serves the direct or indirect promotion of the sale of goods, services or the image of a business, another organisation or natural person who works in a trade, commerce or crafts or a profession service. According to Sec. 2 first sentence No. 5b of the Act, the transmission of details referring to goods and services or the image of a business, an organisation or a person which are made independently and in particular with no financial return does not represent a commercial communication. According to an addition to Sec. 2 first sentence No. 5b of the Act by the Act Amending the Telemedia Act and Other Acts of 19 November 2020, this also includes such details made independently and in particular with no financial return or other benefits by natural persons that enable a direct connection to a user account of further natural persons with service providers.

55 According to both the old and the new version of Sec. 2 first sentence No. 5b Telemedia Act, there is only a commercial communication for the benefit of a third-party business if a financial return is provided for it. However, the defendant did not receive any financial return for her Instagram posts.

56 – bb) The provision of Sec. 6(1) No. 1 Telemedia Act as a special provision takes precedence over Sec. 5a(6) Act against Unfair Competition, so it cannot be assumed that there has been a violation of Sec. 5a(6) in the case at issue. ...

59 It is recognised in the judicial practice of the Federal Supreme Court that sector-specific provisions may limit the scope of application of general provisions of fair trading law. ...

60 Section 6(1) No. 1 Telemedia Act constitutes such a sector-specific special provision and lays down the requirements for the recognisability of commercial communication in the field of telemedia. Because this provision is a market conduct regulation that has effect under unfair competition law via the *actus reus* of Sec. 3a Act against Unfair Competition ..., the special media law value judgements expressed in the sector-specific provision of Sec. 6(1) No. 1 Telemedia Act must not be undermined by the application of the general provision of Sec. 5a(6) Act against Unfair Competition.

61 This is not in conflict with the provision of Sec. 6(5) Telemedia Act, according to which the provisions of the Act against Unfair Competition remain unaffected. On the one hand, it follows from Sec. 6(5) Telemedia Act that conduct in breach of Sec. 6(1) No. 1 Telemedia Act may also be prohibited under the provisions of the Unfair Competition Act (e.g. Secs. 3a and 5a(6)). On the other hand, Sec. 6(5) Telemedia Act clarifies that commercial communication properly identified under Sec. 6(1) to 4 Telemedia Act may well be prohibited under aspects of unfair competition law other than the recognisability of commercial communication (e.g. as misleading within the meaning of Sec. 5 Act against Unfair Competition).

...

62 – cc) The contested conduct also satisfies the requirements of Sec. 58.1 first sentence Interstate Broadcasting Treaty and Sec. 22.1 first sentence Interstate Media Treaty for advertising in telemedia.

63 – (1) Pursuant to Sec. 58(1) first sentence 1 Interstate Broadcasting Treaty, advertising must be clearly recognisable as such and distinctly separate from the other parts of the offers provided. This provision corresponds to that in Sec. 22(1) first sentence Interstate Media Treaty. Both provisions are applicable to advertising in telemedia, both being contained in Section VI of the Interstate Broadcasting Treaty and Subsection 2 of the Interstate Media Treaty, respectively, each of which is entitled "Telemedia".

64 – (2) The Instagram posts for the benefit of the third-party businesses do not constitute advertising.

65 Pursuant to Sec. 2(2) No. 7 Interstate Broadcasting Treat, advertising is any statement made in the exercise of a trade, business, craft or profession which is broadcast on the radio by a public or private broadcaster or by a natural person, either in return for payment or for similar consideration or as self-promotion, with the aim of promoting the sale of goods or the provision of services, including immovable property, rights and obligations, in return for payment.

66 This definition is also to be applied to the concept of advertising in telemedia pursuant to Sec. 58(1) of the Treaty. The fact that Sec. 2(2) No. 7, according to its wording, only covers advertising "in broadcasting", is a systematic weakness.

67 Accordingly, the term advertising is now also defined in Sec. 2(2) No. 7 Interstate Media Treaty as any form of announcement that serves to directly or indirectly promote the sale of goods and services, including immovable property, rights and obligations, or the appearance of natural or legal persons engaged in an economic activity, and in return for remuneration or a similar consideration, or as self-promotion, and is recorded on the radio or a telemedia channel.

68 Since the defendant did not receive any financial return for the contested Instagram posts, they do not constitute advertising in the aforementioned sense and are not subject to the requirement of recognisability pursuant to Sec. 58(1) first sentence Interstate Broadcasting Treaty or Sec. 22(1) first sentence Interstate Media Treaty.

69 – (3) The application of other provisions of the Interstate Broadcasting Treaty or the Interstate Media Treaty regulating advertising or sponsorship is excluded in the case at issue.

70 – dd) The provisions of Sec. 58(1) first sentence Interstate Broadcasting Treaty and Sec. 22(1) first sentence Interstate Media Treaty also take precedence over Sec. 5a(6) Act against Unfair Competition as special provisions, so that the assumption of an infringement of Sec. 5a(6) is to be ruled out in the case at issue.

71 The provisions of Sec. 58(1) first sentence Interstate Broadcasting Treaty and Sec. 22(1) first sentence Interstate Media Treaty also regulate

the requirements for the recognisability of advertising in telemedia sector specifically. Since these provisions are also market conduct regulations within the meaning of Sec. 3a Act against Unfair Competition ..., the specific media law values they express may not be undermined by the application of the general provision under unfair competition law of Sec. 5a(6) Act against Unfair Competition. ...

72 – 3. The appeal court also rightly assumed that the plaintiff was not entitled to injunctive relief on the grounds of unfairness under Sec. 3a Act against Unfair Competition in conjunction with Sec. 6(1) No. 1 Telemedia Act or Sec. 58(1) first sentence Interstate Broadcasting Treaty and Sec. 22(1) first sentence Interstate Media Treaty.

73 – a) With regard to the commercial practices to promote the third-party businesses, there is, for the reasons stated, no commercial communication within the meaning of Sec. 2(1) No. 5 Telemedia Act (see paras. 53 to 55 above) and no advertising within the meaning of Section 2(2) No. 7 Interstate Broadcasting Treaty and Sec. 2(2) No. 7 Interstate Media Treaty (see paras. 64 to 68 above).

74 – b) Nor, with regard to the publication of the Instagram posts in the context of a commercial practice to promote the defendant's own business, has there been an infringement of Sec. 6(1) No. 1 Telemedia Act or Sec. 58(1) first sentence Interstate Broadcasting Treaty and Sec. 22(1) first sentence Interstate Media Treaty.

75 – aa) However, a violation of Sec. 6(1) No. 1 Telemedia Act or Sec. 58.1 first sentence Interstate Broadcasting Treaty and Sec. 22(1) first sentence Interstate Media Treaty is not excluded on the grounds that there has been no financial return in the case at issue. The aforementioned provisions do not require the granting of a financial return in the case of self-promotion.

76 – (1) The exemption under Sec. 2 first sentence No. 5b Telemedia Act, which serves to implement Art. 2f second indent of Directive 2000/31/EC, according to which statements relating to goods, services or image of the company, organisation or person compiled in an independent manner and in particular when there is no financial consideration, do not as such constitute a form of commercial communication, only refers to commercial communication for the benefit of third parties.

Statements relating to goods or services which serve to promote an entrepreneur's own business are generally made by the entrepreneur "in an independent manner" and without receiving financial consideration from anyone. It does not correspond to the sense and purpose of the provision to exclude large parts of commercial communication from the scope of application of the Telemedia Act or Directive 2000/31/EC. The exemption therefore only covers cases in which commercial communication is carried out by independent third parties for the benefit of other businesses, for example, through the activities of private individuals who offer information on certain topics or types of goods on the internet, or through product test reports by independent institutes. ...

77 – (2) Section 2(2) No. 7 Interstate Broadcasting Treaty and Section 2(2) No. 7 Interstate Media Treaty do not require a fee or similar consideration to be paid for self-promotion.

78 – bb) However, the assumption of an infringement is ruled out because the commercial communication pursuant to Sec. 6(1) No. 1 Telemedia Act as well as advertising pursuant to Sec. 58(1) first sentence Interstate Broadcasting Treaty and Sec. 22(1) first sentence Interstate Media Treaty is clearly recognisable as such.

79 The appeal on the law unsuccessfully argues that since the defendant also promotes the sale of her own (advertising) services, the contributions at issue constitute commercial communications or advertising within the meaning of these provisions and that the defendant must fully disclose the commercial intents she pursues within the framework of her commercial communication or advertising by means of appropriate notices. In this context, too, the appeal on the law fails to show that the appeal court's finding that a separate identification was not necessary because this commercial intent was directly apparent from the circumstances was erroneous.

80 – 4. Finally, the appeal court rightly held that the plaintiff was not entitled to injunctive relief on the grounds that the defendant's commercial practices were unlawful under Art. 3(3) Act against Unfair Competition in conjunction with No. 11 of the Annex to Art. 3(3).

81 – a) Number 11 of the Annex to Sec. 3(3) presupposes using editorial content for the purpose of sales promotion where the entrepreneur has paid for this promotion, without such connection being clearly identifiable from the content or by images or sounds.

82 – b) These conditions are not satisfied in the case at issue, if only because the defendant's contested Instagram posts have not been financed by third parties.

Typical Claims of IP Law

I. Claim to Cease and Desist

Sec. 97 (1) UrhG, 14 (5) MarkenG, 139 (1) PatG, 8 (1) UrhG

If the right has already been infringed, the right holder has a claim to cease and desist.

If the risk of infringement exists for the first time, the right holder has a preventive claim to cease and desist.

II. Claim for Damages

Art. 13 Enforcement Directive 2004/48/EC; Sec. 97 (2) UrhG, 14 (6) MarkenG, 139 (2) PatG, 9 (1) UrhG

If the infringement was conducted intentionally or negligently, the injured party is entitled to damages.

Especially in Copyright Law there is also the right to claim damages for any damage which is non-pecuniary in nature, Sec. 97 (2) (4) UrhG.

There are three ways of calculating damages:

1. Actual Damages

The injured party may claim any actual damage suffered as a result of the infringement (i.e. negative economic consequences, including lost profits).

2. Surrender of Profits

The injured party may claim any profits obtained by the infringer as a result of the infringement.

3. Equitable Renumeration

The injured party may also claim damages as a lump sum on the basis of a hypothetical license to the amount of royalties or fees which would have been due if the infringer had requested authorisation to use the intellectual property right in question.

III. Right to Information

1. Regarding Acts of Infringer

General obligation according to Sec. 242 BGB

2. Regarding Acts of Third Parties

Art. 8 Enforcement Directive 2004/48/EC; Sec. 101 UrhG, 19 MarkenG, 140b PatG

Infringer has to give information on the origin and distribution networks of the goods or services which infringe an intellectual property right.

IV. Right to Elimination

The right of the injured party to claim elimination of any remaining form of infringement.

1. Copyright Law

- a) Destruction and recall rights, Sec. 98 UrhG
- b) Publication of judgements, Sec. 103 UrhG

2. Trademark Law

- a) Cancellation, Sec. 51 MarkenG
- b) Destruction and recall rights, Sec. 18 MarkenG
- c) Publication of judgements, Sec. 19c MarkenG

3. Patent Law

- a) Destruction and recall rights, Sec. 140a PatG
- b) Publication of judgements, Sec. 140e UrhG

4. Unfair Competition Law

- a) Right to elimination, Sec. 8 (1) UrhG
- b) Publication of judgements, Sec. 12 (2)
Submission and inspection of bank and business
documents, Art. 9 (2) Enforcement Directive
2004/48/ec; Sec. 101b UrhG, 19a MarkenG, 140d
PatG

Third Party Liability

Liable for infringements is the person who's act constitutes the infringement (infringer or perpetrator = "Täter").

Under certain circumstances also third parties may be liable for the infringement. This is most of all relevant for platforms and market places on the Internet (i.e. eBay, Amazon, Instagram etc.).

I. General principles (offline)

In the case of **third-party** liability for legal violations committed by a perpetrator, a distinction must be made between various constellations.

1. Accomplice

An **accomplice** is a person who controls the causal process leading to the success of the violation.

2. Participants

A **participant** is a person who assists the violating person (aider or abettor) or who causes him to commit the violation (instigator).

However, liability as an accomplice or as a participant always requires intent pursuant to Sec. 830 (1), (2) of the German Civil Code (BGB).

3. Disturber liability

From Sec. 1004 of the German Civil Code (BGB) the concept of liability for contributory actions derives, so-called "disturbance liability" ("Störerhaftung").

a) Wide disturber liability

Originally, a disturber was understood in a very broad sense to mean **anyone** who **willingly and adequately contributed** to causing or maintaining an unlawful interference

(cf. BGH GRUR 2001, 1038 [1039 f.] - *Ambiente.de*; GRUR 2021, 1303 para. 43 - *Die Filsbacher*).

b) Shift to tort Law (“Verkehrspflichten”)

In response to criticism in literature, case law initially abandoned this concept in *unfair competition law* and replaced it with perpetrator or direct liability on the basis of general tort law. Everyone, who creates a source of danger in his area of responsibility or allows such to continue existing, has the common obligation to undertake all reasonable precautions necessary to protect others against the risks emanating from that source of danger (so-called “Verkehrssicherungspflicht” or “Verkehrspflicht”). Accordingly, anyone who makes it possible for third parties to commit infringements is liable as a **perpetrator** if he fails to take reasonable security measures against such infringements (BGH GRUR 2007, 890 para. 22 et seq. - *Jugendgefährdende Medien bei eBay*).

In the case of *infringements of intellectual property rights*, on the other hand, case law initially upheld the broad distributor liability (BGH GRUR 2011, 152 para. 45 - *Kinderhochstühle im Internet I*; GRUR 2016, 936 para. 16 - *Angebotsmanipulation bei Amazon*).

c) Recent development: General shift from disturber liability to direct liability.

In the area of *copyright law*, the ECJ has begun to incorporate the standard of disturber liability into the facts of the infringing act itself, so to speak:

The intermediary (e.g., a platform operator, such as YouTube) may itself make a communication to the public in the form of making available to the public pursuant to Sec. 15, 19a UrhG, Art. 3 (1), (2) (a), (b) of Directive 2001/29/EC and thus commit a copyright infringement if it has itself played an active role (e.g., participated in selection or offered aids) or has not taken any concrete measures despite indications (ECJ GRUR 2021, 1051, para 77, 81, 23) - *YouTube v. Cyando*; BGH WRP 2022, 1106 Rn. 76 et seq. - *YouTube II*; WRP 2022, 1269 - *Upload III*).

II. Liability privilege on the internet (online)

In the case of actions on the Internet, the general liability regime is overlaid by special regulations that are intended to enable liability privileges for certain service providers in the interest of the functioning of this means of communication. A distinction must be made between the access provider, the host provider and the provider of own information.

1. Access provider

The access provider merely transmits third-party information or arranges access to the network.

=> No liability for third-party information, cf. Art. 4 (1) DSA 2022/2065.

2. Host provider

The host provider only stores third-party information.

=> No liability for third-party information, if he

- has no actual knowledge of the unlawful activity or information, *and*
- takes immediate action to remove or disable access to information as soon as it becomes aware of it (so-called "notice and take down" procedure)

Cf. Art. 6 (1) DSA 2022/2065.

Moreover, this exemption from liability as a host provider only comes into consideration insofar as purely technical and automatic data processing takes place, but not if an active role is assumed, for example in providing assistance to the third-party providers by optimizing their presentation or by advertising the offers, for example in the context of keyword advertising (cf. ECJ GRUR 2011, 1025 para. 112 -116 - *L'Oréal/eBay*).

3. Provider of own information

Anyone who provides or offers his own information is fully responsible; likewise, anyone who adopts third-party infringing information as his own (cf. BGH GRUR 2018, 924 para. 59 - ORTLIEB; GRUR 2010, 616 para. 23 et seq. - *Marions-Kochbuch.de*).