

## 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

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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.

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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 București*, 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.