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ARTICLE

Suing online platforms for copyright infringements: the choice of court and law in the "Project Gutenberg" scenario

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Abstract

This paper examines the current challenges in copyright enforcement online in a case from Germany, concerning the Project Gutenberg Literary Archive Foundation.

Project Gutenberg was found liable for a breach of German copyright law and access to certain items was blocked by Germany. Gutenberg believes that the German court has no jurisdiction over the matter, but will comply until the issue is resolved on appeal.

The paper illustrates possible alternatives for jurisdiction and applicable law in the EU. Current choice-of-court and choice-of-law rules are argued to be unsuitable for copyright claims for the online environment. Further, the paper focuses on the latest case law of the Court of Justice of the European Union (CJEU) concerning the liability of intermediaries and the safe harbour regime. "Hosting" safe harbour is supposed to be rejected when a platform is directly liable for copyright infringement jointly with its users.

Furthermore, the paper will describe how the same conclusions would also apply to the Google Books Library Project. Both cases illustrate the current problems of territorial copyright laws in the online environment.

The challenges in enforcing copyright online encourage copyright holders to seek protection within just one jurisdiction so that one single law can be applied. This weighs heavily when deciding upon a litigation strategy for copyright claims. The lessons learnt in this field show how cross-border enforcement of copyright online is tremendously unpredictable for defendants and unaffordable for copyright holders, and thus, benefits nobody.

Keywords

copyright online torts, international jurisdiction, *lex loci protectionis*, online platforms, safe-harbours, copyright enforcement

Topic

Intellectual property, Private International Law

Demandas a plataformas web por violación de derechos de autor: la decisión del tribunal y jurisdicción en el caso del «Proyecto Gutenberg»

Resumen

En este trabajo se analizan los actuales desafíos respecto a la aplicación de derechos de autor en la red. En concreto, un caso alemán relativo al proyecto Gutenberg.

Este proyecto fue declarado culpable de incumplir la ley alemana de derechos de autor y en Alemania se bloqueó el acceso a algunos de sus documentos. Gutenberg considera que el tribunal alemán no tiene competencia sobre la cuestión, pero seguirá cumpliendo con sus disposiciones hasta que se haya resuelto el recurso de apelación.

Este informe muestra posibles alternativas a la jurisdicción y la ley aplicables en la Unión Europea. Se argumenta que los criterios de elección del órgano jurisdiccional actual y de la legislación no son apropiados para las demandas por derechos de autor en la red. Además, el informe se centra en la jurisprudencia más reciente del Tribunal de Justicia de la Unión Europea (TJUE), relativa a la responsabilidad de los intermediarios y el marco del acuerdo de puerto seguro. Se supone que se rechaza el «alojamiento web» en puerto seguro cuando una plataforma (junto con sus usuarios) es directamente responsable de la infracción de derechos de autor.

Asimismo, el trabajo describe cómo las mismas conclusiones podrían aplicarse al Proyecto para bibliotecas de Google Libros. Ambos casos ejemplifican la problemática actual de las leyes territoriales de derechos de autor en la red.

Los retos en la aplicación de los derechos de autor en la red impulsan a los titulares de los derechos a ampararse en una sola jurisdicción, para que se pueda aplicar una única ley. Esto tiene un gran peso a la hora de decidir una estrategia de litigio para las demandas por derechos de autor. Las lecciones aprendidas en este campo muestran cómo la aplicación fronteriza de los derechos de autor en la red es enormemente impredecible para los demandados y muy costosa para los titulares de los derechos de autor, de modo que nadie sale beneficiado.

Palabras clave

delito contra los derechos de autor en la red, jurisdicción internacional, lex loci protectionis, *plataformas web, puertos seguros, aplicación de los derechos de autor*

Temática

Propiedad intelectual, derecho internacional privado

1. Introduction

Project Gutenberg is an online archive that has around 56,000 ebooks in its catalogue, posted by users or "volunteers". They select books and send a copyright clearance request form to Project Gutenberg so that it can investigate the copyright status of the work.

The works are, in principle, in the public domain under US law, as their copyright protection is argued to have expired according to US law. The website www.gutenberg.org (<http://www.gutenberg.org/>) can also be accessed from Germany.

All books are made available under a "Project Gutenberg License":

> "This ebook is for the use of anyone anywhere in the United States and most other parts of the world at no cost with almost no restrictions whatsoever [...]"

The claimant, S. Fischer, is a long-established publishing house. It owns the exclusive rights to various works by authors Heinrich Mann, Thomas Mann and Alfred Döblin, which are still under copyright protection in Germany. Gutenberg offers the original version of these books in ebook format, including the German editions.

After several years of litigation, the District Court of Frankfurt found[1] Project Gutenberg liable for copyright infringement under German law. The website was also enjoined from making the 18 books in question available to the public from that point on, albeit limited to downloads from Germany.

The German court assigned jurisdiction on the grounds of the national provision for private international law.[2]

The issue of applicable law was not considered and the court applied German (copyright) law.[3]

Within this scenario, the paper will examine the following issues. First, possible alternatives for EU-based claimants when choosing who and where to sue (parts 2 and 3). Second, the challenges of territorial copyright laws when seeking multi-territorial damages (part 4). Third, it will consider the applicability of so-called "safe-harbour" immunities as an exception from liability for online intermediaries (part 5). Furthermore, it will illustrate how the same conclusions would apply to the Google Books Library Project (part 6).

2. Choosing who to sue

The very first choice that should be made by a claimant is to choose a defendant. In the scenario in question, two possible defendants might be considered: 1) users (or "volunteers") that contribute to a platform and/or 2) the online platform itself (an operator or a company who owns a website).

In fact, suing users for copyright online infringements is deemed to be ineffective.[4] First, because it is difficult to find out who they are and where they live (in order to sue them under the traditional defendant's domicile rule).[5] Indeed, the identification of copyright users involves the issue of privacy and data protection.[6]

Second, such litigation is burdensome, especially if the damages are kept relatively low and the potential legal costs and risks seem very high. In early litigation strategies (in particular in the US), bringing civil action against users, as direct infringers, was regarded as a form of "legally-sanctioned blackmail and personal data breach".

1. 9 February 2018, District Court of Frankfurt (Landgericht Frankfurt am Main), *Project Gutenberg Literary Archive Foundation v. the German publishing house S. Fischer Verlag GmbH,* 2-03 O 494/14, 02/09/2018.
2. Zivilprozessordnung, (the German law on civil proceedings), § 32 Besonderer Gerichtsstand der unerlaubten Handlung, <https://www.gesetze-im-internet.de/zpo/__32.html>.
3. It was also commented by M. BRüß (2018).
4. See, for example, S. Berbece (2018).
5. Art. 4(1) Regulation (EU) No 1215/2012 of the European Parliament and of the Council of 12 December 2012 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters (2012) OJ L 351/1.
6. See more at N. Nitsevich (2015).

2.1. Suing online platforms as intermediaries

Indeed, online platforms[7] are better placed as online intermediaries to stop infringements and pay damages. We have to bear in mind the notion of "intermediaries" under their different Directives:

1. Directive 2004/48/EC on the enforcement of intellectual property rights (Enforcement Directive);[8]
2. Directive 2000/31/EC on certain legal aspects of information society services (E-Commerce Directive);[9]
3. Directive 2001/29/EC on the harmonisation of certain aspects of copyright and related rights in the information society (InfoSoc Directive).[10] Are they the same subjects?

Within Article 11of the Enforcement Directive,[11] "rightsholders are in a position to apply for an injunction" against such subjects "whose services are used by a third party to infringe an intellectual property right, without prejudice to Article 8(3) of Directive 2001/29/EC". Literally, Article 8(3) of the InfoSoc Directive amounts to the same definition.

Both the Enforcement and InfoSoc Directives take a wide approach, applying themselves freely to all "intermediaries whose services are used by a third party to infringe". It is especially true for an issue of so-called precautionary injunctions ("court order prohibiting a person from doing something or requiring a person to do something as an interim and preventive measure").[12] Due to this broad concept of an "intermediary," such injunctions are a popular remedy in copyright claims.

Indeed, injunctions may be applied without establishing liability, as was interpreted in *L'Oréal v. eBay*.[13] *L'Oréal v. eBay* was a trademark case where L'Oréal sued for infringement of its intellectual property rights on eBay's European websites. Among various questions in this case, the CJEU ruled that Article 11 of the Enforcement Directive "requires the Member States to ensure that [an intermediary] may, regardless of any liability of its own in relation to the facts at issue, be ordered to take enforcement measures by means of an injunction".[14]

The same applies under the E-Commerce Directive (Recital 45), where the "limitations of the liability of intermediary service providers established in this Directive do not affect the possibility of injunctions of different kinds".

In fact, the issue of liability and exceptions from it (safe-harbours under Articles 12–14 of the E-Commerce Directive) draw a line between two very different legal treatments of online intermediaries.

When do they infringe directly and/or when may they benefit from immunities (as two "heads" of liability)? These questions will be further examined in part 5.

3. Jurisdiction

While considering the choice of court, copyright holders should bear in mind two layers of jurisdictional rules within the EU: national and EU private international law regimes.[15] The applicability of each of these depends on the factual situation of every cross-border claim. In particular, two scenarios will be described:

7. The notion of "online platform" is supposed to be used in a broad sense to describe platforms or websites that offer a broad range of services, when they host copyright content and further make it accessible for their users. Within this framework, the present paper will consider platforms which provide access to copyright content (so-called content platforms, such as YouTube, Google News and Google Books).
8. Under the Corrigendum to Directive 2004/48/EC of the European Parliament and of the Council of 29 April 2004 on the enforcement of intellectual property rights, Official Journal of the European Union L 157 of 30 April 2004.
9. Directive 2000/31/EC of the European Parliament and of the Council of 8 June 2000 on certain legal aspects of information society services, in particular electronic commerce, in the Internal Market.
10. Directive 2001/29/EC of the European Parliament and of the Council of 22 May 2001 on the armonization of certain aspects of copyright and related rights in the information society, L 167/10 Official Journal of the European Communities.
11. Enforcement Directive 2004/48/EC.
12. C. J. Angelopoulos (2016).
13. Case C-324/09 *L'Oreal v. eBay* [2011] ECR I-06011.
14. Case C-324/09 *L'Oreal v. eBay*.
15. Brussels Recast 1215/2012.

1. EU-established plaintiff v. non-EU-established defendant;
2. EU-established plaintiff v. EU-established defendant (or EU subsidiaries of a multinational company).

3.1. Submitting a copyright claim against a non-EU-established defendant

The EU private international law regime will not apply if the defendant does not have an establishment within the EU.[16] Non-EU domiciled defendants will be subject to the national rules of jurisdiction in the territory of the Member State's forum. However, the "threshold" or criteria for determining jurisdiction in a particular Member State may differ.

In *Gutenberg*, the German court found its jurisdiction under national rules of private international law.[17] It was established on the grounds that the website was accessible in Germany, available in German and intended to reach German users.

Precisely, the court emphasised "making the protected property publicly accessible via a website" as a decisive prerequisite for establishing jurisdiction and not the fact of an "intended availability of the web presence in Germany".[18] In other words, the defendant's intention to "target"[19] users from Germany was irrelevant for establishing jurisdiction.[20]

"Targeting" criteria were cited by the CJEU in the consumer protection case *Pammer* and *Hotel Alpenhof*:[21] the international nature of the activity at issue, such as certain tourist activities; the mention of telephone numbers with the international code; use of a top-level domain name, etc.[22]

However, for copyright online infringements, the criterion of "targeted" audience for deciding jurisdiction was clearly abandoned.[23]

This means that accessibility of content in Germany may establish the jurisdiction of German courts,[24] regardless of the fact that Gutenberg is entirely based in the US.

3.2. Submitting a copyright claim against an EU-established defendant

What if Gutenberg was "established" within the EU?[25]

The EU private international law regime, covered by the Recast Brussels Regulation (Brussels Recast), applies if a website is operated by an EU-based company or subsidiaries. Let us consider a situation where Gutenberg has its place of business or subsidiary in any of the EU Member States, for example, in Austria. In this case, a German claimant may sue an Austrian defendant at the court of its domicile under Article 4(1) of Brussels Recast (as a traditional *forum*). Besides, as an alternative, the Austrian defendant may be sued at the court of "harmful event" under Article 7(2) of Brussels Recast (as a special jurisdiction).

Under Article 4(1) of Brussels Recast: "[...] persons domiciled in a Member State shall, whatever their nationality, be sued in the courts of that Member State". A legal person is domiciled at the place where it has its statutory seat, central administration or principal place of business.[26] In other words, the defendant is entitled to a "home game".[27]

16. Brussels Recast 1215/2012, Art. 6, recital 13, 14, with the exception of the protection of consumers and employees, when certain rules of jurisdiction in this Regulation should apply regardless of the defendant's domicile.
17. § 32 ZPO Zivilprozessordnung, the German law on civil proceedings, which is very similar to Art. 7(2) of Brussels Recast.
18. M. BRüβ (2018).
19. M. BRüβ (2018).
20. The situation is different for the purpose of allocating applicable law, see chapter 4.
21. Case C-144/09 *Pammer v. Reederei Karl Schliiter iGmbH & KG and Hotel Alpenhof GesmbH v. Oliver Heller.*
22. Case C-144/09 *Pammer v. Hotel Alpenhof.*
23. Opinion of AG Cruz Villalón in *Hejduk case,* also *Wintersteiger* (C-523/10) and *Pinckney* (para. 21 of the Opinion) However, it applies under national PIL and substantive law.
24. Case C-170/12, *Pinckney v. Mediatech.* and Case C-441/13, *Pez Hejduk case v. EnergieAgentur.*
25. The German "Projekt Gutenberg-DE" also exists, which makes public-domain books available at <www.projekt.gutenberg.de>, although this project is not operated by the defendants.
26. Art. 62 and 63, Brussels Recast 1215/2012.
27. Art. 4(1), Brussels Recast 1215/2012.

For a defendant, this rule is supposed to be the most predictable one. Jurisdiction must always be available on these grounds.[28] On the other hand, in national case law of EU Member States, plaintiffs try to avoid this *forum*.[29] Indeed, suing a defendant who is far away from the plaintiff may be an expensive and time-consuming issue. Moreover, the language of litigation may be an obstacle and the claimant may have less confidence in a foreign court system.[30]

That is why an alternative is so important. Under Article 7(2) of Brussels Recast, a person domiciled in a Member State may be sued "in matters relating to tort, delict or quasi-delict, in the courts for the place where the harmful event occurred or may occur." This provision is claimed to be an alternative grounds of jurisdiction based on a "close connection" between the court and the action.[31]

The ruling in *Shevill*[32] is considered ground-breaking in regard to establishing jurisdiction under Article 7(2). This case concerned the publication of a defamatory newspaper article (however, not in an online context).[33] The CJEU concluded that the courts of "the place where the damage was suffered" had jurisdiction with regard to the damage only in their territories. Meanwhile, only the court of "the place of the event giving rise to the damage" had jurisdiction to hear the action for the total damages caused (anywhere) by the unlawful act.[34]

Revisiting the *Gutenberg* example, under the *Shevill* approach, a German copyright holder may sue an Austrian defendant in Austria (if it was the place where the ebooks were posted) for damages on an EU-wide scale or in any EU Member State (including Germany, as soon as it was "the place where the damage was suffered"), but the damages would have a territorially limited scope.

We should bear in mind that copyright infringement in *Gutenberg* takes place in a digital context. The Internet poses a significant challenge to the application of jurisdiction under Article 7(2). "The place of the event" and "the place of damage" are heavily influenced by the so-called "accessibility" criterion.

For copyright online infringements, this criterion was first introduced in *Pinckney* and is still being debated.[35] The factual situation of this case involved a delivery of CD hard copies by mail order. The CJEU interpreted the place of damage under Article 7(2) as meaning that, when an internet site is also accessible with the jurisdiction of the court seized, "[...] that court has jurisdiction only to determine the damage caused in the Member State within which it is situated".[36]

Later, in *Hejduk*[37] (the case about the unauthorised placing of copyright-protected photographs on a website), the CJEU follows its decision in *Pinckney,* missing the opportunity to apply other criteria.[38] In this case, the CJEU was directly asked to interpret whether international jurisdiction of the court may be established on the ground of accessibility of a website in its territory. The answer was affirmative.

Thus, a defendant may be sued in any jurisdiction, since infringing copies could be delivered in any Member State where a website is accessible.[39] However, the courts may

28. Recitals 15 and 16, Brussels Recast 1215/2012.
29. The World Intellectual Property Organization. (2015)
30. P. Torremans (2016, p. 11).
31. Recitals 16, Brussels Recast 1215/2012.
32. Case C-68/93 *Shevill and others v. Presse Alliance,* [1995] ECR I-415.
33. The first case which involved an online infringement of personality rights was Judgment of the Court (Grand Chamber) of 25 October 2011. *eDate Advertising GmbH and Others v. X and Société MGN LIMITED*, C-509/09 and C-161/10. Two main novelties were introduced here: the so-called "victim's centre of interests" (may correspond to habitual residence) and an "accessibility" criterion ("*confers jurisdiction on courts in each Member State in the territory of which content placed online is or has been accessible"*). While "accessibility" criterion was further accepted for copyright online torts, an applicability of the "victim's centre of interests" to copyright field has been rather contradictory. See more to this question at: R. Xalabarder (2014 pp. 175-177*);* P. Torremans (2016).
34. Case C-68/93 *Shevill and others.*
35. For instance, see T. Lutzi (2017); R. Xalabarder (2014, pp. 175-177).
36. Case C-170/12, *Pinckney v. Mediatech.*
37. Case C-441/13 *Pez Hejduk case v. EnergieAgentur.*
38. R. Xalabarder (2014, p. 177).
39. Case C-170/12, *Pinckney v. Mediatech.*

only rule on damages caused in the territory of the Member State to which they belong.[40] Under the "accessibility" approach in the *Gutenberg* case, the German claimant may sue the Austrian defendant in Germany. However, the territorial scope of damages will be limited to the German territory.[41]

3.3. Submitting a copyright claim under the Lugano Convention

What if *Gutenberg* was "established" in Switzerland?

An interesting situation would arise if the Gutenberg Project had its place of business or subsidiary, not in Austria (as an EU Member State under Brussels Recast), but, in German-speaking Switzerland. Switzerland is not a party to Brussels Recast, but rather to the Convention on jurisdiction and the recognition and enforcement of judgements in civil and commercial matters (the Lugano Convention),[42] also entered into by the European Union as well as Denmark, Norway and Iceland. The Lugano Convention aims at extending Brussels Recast regime within the EU to Iceland, Norway and Switzerland. Moreover, it is, in essence, the equivalent of Brussels Recast, but has not been amended to mirror the changes made to it in January 2015.

If we look at Article 5(3) of the Lugano Convention, it literally amounts to the same as Article 7(2) of Brussels Recast, stating that the defendant may be sued "in matters relating to tort, delict or quasi-delict, in the courts for the place where the harmful event occurred".

However, this is not true for case law. Indeed, the courts of the parties to the Lugano Convention frequently prefer not to cite the CJEU's rulings on Brussels Recast as significant precedents.[43] The same applies to further recognition and enforcement of judgements. This means that the Swiss court, while applying Article 5(3) of the Lugano Convention, is not obliged to follow the "accessibility" approach from CJEU case law, but would apply its national interpretation.

Thus, the outcome in a Swiss court for a German claimant would not follow the natural prediction. It seems that it would be preferable for the German claimant to stay in Germany and sue a Swiss defendant there under national private international rules (as was the case with the US-based defendant).

4. Applicable Law

Once jurisdiction is determined by the court, the next step should be to establish the applicable law.

When the German court established the jurisdiction in *Gutenberg*, it started by resolving the question of copyright infringement and liability. In particular, the court stated that "the act of making the works publicly accessible is unlawful within the meaning of § 97 sec.1 UrhG".[44]

As we can see, the choice of applicable law was made "automatically", as soon as the German court opted not to even consider other possibilities (such as the applicability of US copyright law). Why did the court "jump" directly to German copyright law?

4.1. The principle of territoriality

In theory, within the EU, conflicts of laws on cross-border copyright torts are governed by *lex loci protectionis*, as reflected in Article 8(1) of Regulation (EC) No 864/2007 (Rome II) and Article 5(2) of the Berne Convention: "The law applicable to a non-contractual obligation arising from

40. Case C-441/13, *Pez Hejduk v. EnergieAgentur.*
41. Yet, it seems that there is a clear tendency in declining "accessibility" test. Precisely, *Shevill* approach, which was further extended in *eDate,* was significantly updated in Judgment of the Court (Grand Chamber) of 17 October 2017. *Bolagsupplysningen OÜ, Ingrid Ilsjan v. Svensk Handel AB,* C-194/16, concerning online infringements of personality rights, however, in relation to legal person. The "accessibility" criterion was abandoned for an action for rectification and removal of information. As a result, such action "cannot be brought before the courts of each Member State in which the information published on the internet is or was accessible".
42. Convention on jurisdiction and the enforcement of judgments in civil and commercial matters 88/592/EEC: Lugano on 16 September 1988, OJ L 319, 25.11.1988, pp. 9–48 Official Journal L 319, 25/11/1988 pp. 0009–0048.
43. A. Borras, I. Neophytou and P. Fausto (2012).
44. Act on Copyright and Related Rights (Urheberrechtsgesetz, UrhG), *Die Übersetzung berücksichtigt die Änderung(en) des Gesetzes durch Artikel 1 des Gesetzes vom 1.* September 2017 (BGBl. I S. 3346).

an infringement of an intellectual property right shall be the law of the country for which protection is claimed".[45]

This principle (also called a principle of territoriality) applies in order to support the competence of Member States in asserting jurisdiction over cross-border copyright infringements. Rules for determining applicable law cannot supersede such territoriality.[46]

Indeed, copyright in the EU remains largely a creature of national law. This means that rightsholders usually seek protection according to the *lex loci protectionis* principle in a country where infringement of copyrights is claimed, in this case in Germany. In other words, since the German claimant sought protection only for the territory of Germany, German law alone decides whether the books at issue are copyright-protected within that territory (without referring to US law). Thus, although the German court did not refer to Article 5(2) of the Berne Convention or Article 8(1) of Rome II, the case was decided in accordance with these provisions.

Lex loci protectionis and strict territoriality have been the subject of much debate.[47] They are argued to be unsuitable for copyright claims online.[48] Scholars are discussing a variety of possible alternatives to these principles[49] and some of them will be now examined.

4.2. Control at origin

According to Article 3(2) of the E-Commerce Directive: "[...] Member States may not, for reasons falling within the coordinated field, restrict the freedom to provide information society services from another Member State". In other words, within the Internal Market (at "the coordinated field"), businesses should, as a starting point, only fulfil the legal requirements in the State of establishment.

This means that the court should first look at the "coordinated field" provision as a substantive corrective. Also, the CJEU ruled in the case of *eDate* (the case about online infringement of personal rights) that the provider of e-commerce should not be made subject to stricter requirements than those provided by substantive law applicable in the Member State in which that service provider is established.[50]

According to Article 1(4), the E-Commerce Directive neither establishes nor "[...] aims to *establish*"[51] additional rules on private international law, nor does it deal with the jurisdiction of courts. However, this provision is argued to affect (at least indirectly) the choice of applicable law.[52]

In the situation with the Austrian defendant, the German court should first look at the "coordinated field" provision under Austrian law (as the law of the country where the ISP is established). Often, national courts are persuaded to avoid the application of such "double" or "multiple" (foreign) national copyright laws because of the complexity and expense it entails. As a result, Austrian law might apply not only to the issues of "the control at origin" and safe-harbour limitation to liability, but also to the very substance of the case (to finding infringement *per se*).[53] However, this was not the objective of the legislator.[54]

4.3. Targeting doctrine

In *Gutenberg*, copyright infringement was found,[55] because books were protected and available for download in Germany.

45. Regulation (EC) 864/2007 of the European Parliament and of the Council of 11 July 2007 on the law applicable to non-contractual obligations (Rome II), OJ L 199, 31.7.2007, pp. 40–49 (Rome II Regulation).
46. R. Xalabarder (2012).
47. R. Matulionyte (2015, p. 138).
48. D. Engelen (2010).
49. European Max-Planck Group for Conflict of Laws in Intellectual Property (CLIP), (2009). Also see T. Lutzi (2017, pp. 17-21), where the country of origin was proposed to be adopted as a criterion that would allow for a concentration of jurisdiction and applicable law.
50. Para. 68, Case C-509/09, *eDate Advertising and Others*, [2011] ECR I-10269.
51. Recital 23, E-Commerce Directive.
52. T. Lutzi (2017, p. 24).
53. See more R. Xalabarder (2014, p. 184).
54. As soon as the traditional choice-of-law rule in Art. 5(2) Berne Convention: the law of the country for which protection is being sought (*lex loci protectionis*).
55. *Project Gutenberg Literary Archive Foundation v. the German publishing house S. Fischer Verlag GmbH, 2-03 O 494/14,* pp. 15-16.

"Apart from that, the first defendant's (Gutenberg) website is also intended to target German users".[56]

Here the German court seems to follow the so-called "targeting doctrine" that has been broadly discussed and suggested by commentators.[57] It has been applied in a number of CJEU cases, either at the level of substantive law when localising the activity in a cross-border scenario, or in relation to jurisdiction, based on Article 17 of Brussels Recast.[58]

As we can see, targeting may apply at both levels: when establishing the court of jurisdiction[59] and when applying substantive law.[60] However, such "universality" seems to be rather controversial. In particular, there is the difficulty in using one common term – targeting – for both purposes.

One may argue that "targeting" is a more attractive solution at the level of applicable law.[61] Does it mean that targeting may provide an alternative to *lex loci protectionis*? Or could it be combined with *lex loci protectionis* as a supplementary principle?[62] In any case, despite the absence of any precise meaning of "targeting", it seems to be pertinent when deciding the applicable law.

5. Liability and safe harbours

Liability is considered as a prerequisite for establishing damages (as "pecuniary compensation, obtainable by success in action" for the harm suffered).[63]

An intermediary may still be subject to an injunction even when granted a safe-harbour exception from liability. If an intermediary cannot benefit from safe-harbour, and liability is further established, it may be subject to both an injunction and the payment of damages (and other types of remedies available to copyright holders). Thus, in comparison to the Enforcement and InfoSoc Directives, the concept of an "intermediary" under the E-Commerce Directive is limited by numerous conditions under the safe-harbour regime.[64]

First, the safe-harbours are intended to apply, not just to "information society service providers", but specifically to "intermediary service providers". Article 2(a) of the E-Commerce Directive defines this concept by interpreting a "service provider" as "any natural or legal person providing an information society service".[65] Second, the liability exemptions regime applies only to three types of relevant services: hosting, caching and mere conduit, but not to service providers *per se*.

Third, so-called "neutrality" became a characteristic of an "intermediary". In particular, the relevant activity must be "of a mere technical, automatic and passive nature", when that service provider "has neither knowledge nor control over the information which is transmitted or stored".[66]

Therefore, the concept of an "intermediary" under the E-Commerce Directive involves intermediary service providers which conduct the information society services of hosting, caching or/and mere conduit, while being neutral enough in order to benefit from safe-harbours.[67]

The German court considered whether the website was eligible for the hosting provider safe-harbour of § 10 TMG.[68] This document implements Article 14 of the E-Commerce-Directive – a so-called "hosting" safe-harbour. Besides hosting

56. *Project Gutenberg Literary Archive Foundation v. the German publishing house S. Fischer Verlag GmbH, 2-03 O 494/14,* p. 6.
57. A. Lopez-Tarruella Martinez (2017).
58. See C-324/09 *L'Oréal and Others*, ECLI:EU:C:2011:474, para. 65 (concerning national and Community trade marks), CJEU Case C-604/10, *Football Dataco Ltd and Others v. Yahoo! UK Ltd and Others,* EU:C:2012:115 and Case C-173/11, *Football Dataco Ltd and Others v. Sportradar and others,* ECLI:EU:C:2012:642 (para. 36) (regarding the infringement of the 'sui generis' right over a database).
59. R. Matulionyte (2015, p.135-136).
60. A. Lopez-Tarruella Martinez (2017, p. 245).
61. R. Matulionyte (2015, pp. 135-136).
62. As proposed in the CLIP proposal, however, at the level of jurisdiction, art. 2:202.
63. C. J. Angelopoulos (2017, p. 47).
64. Section 4, E-Commerce Directive 2000/31/EC.
65. Art. 2, E-Commerce Directive 2000/31/EC.
66. Recital 42, E-Commerce Directive 2000/31/EC.
67. C-324/09, *L'Oréal v. eBay.*
68. Telemediengesetz, the German Telemedia Act <https://www.gesetze-im-internet.de/zpo/__32.html>.

in its strict sense, this provision is deemed to apply also to the services of modern web 2.0 operators, which are characterised by user participation, interactivity and mass collaboration.[69]

One may wonder if in *L'Oréal v. eBay*[70] the CJEU factually established the so-called "three-step test" for invoking safe harbour. The first step may be seen as a "knowledge standard", the second as a post-knowledge reaction ("notice-and-take-down" regime) and the third as an "absence of authority or control".[71]

In *L'Oréal v. eBay* the applicability of Article 14 was excluded when intermediaries "play an active role of such a kind as to give it knowledge of, or control over, those data".[72] In addition, a post-knowledge reaction[73] was stressed when the provider had to act "[...] expeditiously to remove, or disable access to, the information".[74]

In the illustrated case, Gutenberg attempted to benefit from such a safe harbour regime,[75] "pointing" to users as direct infringers. It claimed that "the actions of the volunteers could not be attributed to the defendant (Gutenberg), as soon as the works were suggested, uploaded, and reviewed by volunteers".[76]

The German court refused this defence and defined Gutenberg's activity as that of ordinary publishing. The "knowledge standard" test was not passed as soon as Gutenberg "appropriated the content on its website", and "from the perspective of an average user, the works in dispute are being offered by the first defendant (Gutenberg)".[77] Also, Gutenberg had control over users because "the individual review steps were in part carried out by the second defendant, its CEO". And third, the defendant left the content online even after being requested to take it down.

At the same time, we should bear in mind that safe harbour immunities cover indirect liability only. What about direct liability? Is Gutenberg infringing directly and/or indirectly? Is a hosting provider which is directly responsible for copyright violation actually eligible for the safe harbour regime?

Broadly speaking, a person may commit a tort in two ways: he or she can either commit the tort him or herself (as a direct infringer) or can contribute to the commission of that tort by somebody else (infringing indirectly).[78]

In the light of recent case law, in particular in *Pirate Bay,*[79] the operators of a platform that makes third-party uploaded copyright content available to the public may be liable for copyright infringement, jointly with users of the platform.

For the operators to be found liable, it does not need to be demonstrated that they possess actual knowledge of the infringing character of the content uploaded by users. It is enough that the operators of a platform provide functions such as indexing, categorisation, deletion and filtering of content.

In relation to the current EU policy discussion on the so-called "value gap proposal", the making available, by a hosting provider, of third-party uploaded copyright content may fall within the scope of the right of communication to the public. Recital 38 and Article 13 of the draft DSM Directive[80] exclude the need for hosting providers falling within the scope of application of Article 14 of the E-Commerce Directive to conclude licensing agreements with relevant rightsholders.

69. C. J. Angelopoulos (2017, p. 67).
70. C-324/09 *L'Oreal v. eBay.*
71. C. J. Angelopoulos (2017, p. 66).
72. Para. 112, C-324/09 *L'Oreal v. eBay*
73. Recital 48 of E-Commerce Directive 2000/31/EC.
74. Para. 119, C-324/09 *L'Oreal v. eBay.*
75. E-Commerce Directive 2000/31/EC.
76. *Project Gutenberg Literary Archive Foundation v. the German publishing house S. Fischer Verlag GmbH, 2-03 O 494/14*, p. 9.
77. *Project Gutenberg Literary Archive Foundation v. the German publishing house S. Fischer Verlag GmbH, 2-03 O 494/14*, p. 17-19.
78. As was explained by C. J. Angelopoulos (2017, pp. 60-78).
79. C-610/15, EU:C:2017:456, *Stichting Brein v. Ziggo BV and XS4All Internet BV,* EU:C:2017:456
80. Proposal for a Directive of the European Parliament and of the Council on copyright in the Digital Single Market, COM(2016)593. By the time of publication of the present article, on 26 March 2019, the European Parliament approved the latest version of the Directive on copyright in the Digital Single Market. Member States will have 2 years to transpose it into their own laws. Please see at: <http://www.europarl.europa.eu/doceo/document/TA-8-2019-0231_EN.html?redirect#BKMD-16>.

Therefore, the online platform as an intermediary has two "heads" of liability: direct and indirect. As we can see, it often tries to benefit from safe harbours. However, this does not necessary mean that the platform is not committing a direct infringement, thus, no safe harbour regime applies.

6. Google Books Library Project

What if we apply the findings from *Gutenberg* to the Google Books Library Project?

The German court refused Gutenberg's defence that the works in dispute might be in the public domain in the US. Under German law,[81] the copyright for literary works expires 70 years after the author's death. The authors in the case at hand died between 1950 and 1957. The court justified its conclusion by citing the risk of avoiding copyright protection. In particular, it was stated that the public accessibility of works should not be determined by the expiry of copyright in the country where the provider of such access resides.[82]

At the same time, Google, in its Google Books Library Project, has relied only on US copyright law to develop and market it all over the world.[83] Indeed, in the US it may benefit from a so-called "fair use" defence. For example, under section 107 of the USCA,[84] the US District Court of the Southern District of New York ruled in favour of Google Books Library Project and concluded that it provides "significant public benefits".[85]

However, the result might be different in the EU. In particular, because there is no fair use.[86] For instance, in the French case of *Les Éditions du Seuil,*[87] Google was also sued for copyright infringement on the Google Books Library Project. The court rejected Google's defence based on the quotation limitation under the French Intellectual Property Code, because the works "are made available to the public in their entirety".[88] In addition, the French court refused application of US law. Instead, in accordance with Article 5(3) of the Berne Convention (law of the country of origin),[89] French law was applied as it bears the "most significant relationship" with the claim.[90]

Indeed, these cases illustrate the current problems of territorial copyright laws in the online environment. For instance, multiple national copyright laws may apply to the same cross-border online activity.[91] If the case were brought before a court with an international jurisdiction, the court would have to apply (almost) 28 national copyright laws for the same online infringement. In addition, there seems to be no possibility to claim EU-wide territorial damages.[92] In order to claim damages within the territory of other German-speaking countries (such as Austria or Switzerland), the claimant would have to file separate claims, which may result in different outcomes. All these challenges encourage copyright holders to seek protection within one jurisdiction only so that one single law can be applied.

These lessons weigh heavily when deciding a litigation strategy for copyright claims. Once the court establishes jurisdiction, it tends to rule in favour of applying *lex fori* or the "law of closest connection" instead of *lex loci protectionis.*[93]

81. <https://dejure.org/gesetze/UrhG/64.html>.
82. *Project Gutenberg Literary Archive Foundation v. the German publishing house S. Fischer Verlag GmbH, 2-03 O 494/14,* p.16.
83. R. Xalabarder (2012, p. 56).
84. US Copyright Act, Title 17 of Unites States Code. Available at: <http://www.copyright.gov/title17/>.
85. *Authors Guild v. Google Inc.,* 05 Civ. 8136 (DC) (S.D.N.Y. No. 14, 2013). Available at: <http://docs.justia.com/cases/federal/appellate-courts/ca2/13-4829/2>.
86. R. Xalabarder (2012, p. 58).
87. France: *Les Éditions du Seuil, TGI Paris, 3e Ch., 18 Dec. 2009 JurisData n.2009-016553.* As commented by R. Xalabarder (2012, p. 59).
88. Article 122-5-3 CPI, See TGI Paris, 3e Ch., 18 Dec. 2009 JurisData n. 2009-016553.
89. Berne Convention for the Protection of Literary and Artistic Works (as amended on September 28, 1979) [Accessed: 22 March 2018] <http://www.wipo.int/treaties/en/ip/berne/>.
90. The French case of *Les Éditions du Seuil.*
91. As explained by R. Xalabarder (2012, p. 55).
92. R. Matulionyte (2015, p. 135-36).
93. As can be seen, for example, from both illustrated scenarios *Project Gutenberg Literary Archive Foundation v. the German publishing house S. Fischer Verlag GmbH* and *Les Éditions du Seuil, TGI Paris,* where applicable law finally resulted in *lex fori.*

A number of academic proposals have suggested introducing a single-law approach to ubiquitous copyright claims.[94] According to Article 3:603 of the CLIP Proposal, the court may apply the single law that has "the closest connection with the dispute" to the entire cross-border dispute.

In the scenario of a German claimant v. an Austrian defendant, *lex loci protectionis'* challenging effects might not be so sensitive, as soon as the issues of liability and safe-harbour limitations are harmonised within the EU. Thus, the case outcome would be more or less the same. However, what about in Swiss or US law?

As we can see, choosing the law in the country where the provider is established would definitely not be a balanced solution. Otherwise, it would be easy to generate a scenario where some "new Gutenberg Project" appeared in countries with limited copyright protection. As a result, if we follow the arguments of Gutenberg (as well as Google), all ebooks are covered by "convenient" laws, and thus will stay in the "public domain".

7. Concluding remarks

Gutenberg illustrates the significant challenges faced when enforcing territorial copyright law online. In particular, for a US-based defendant there is no way to predict under which law or where it can be sued. On the other hand, for a German copyright holder, there may be no possibility of claiming EU-wide territorial relief. Jurisdiction for online claims is therefore the decisive issue. Once jurisdiction has been asserted by the court, the applicable law seems to point "automatically" at *lex fori* (as *lex loci protectionis* or as the "law of closest connection"), thus, making the cross-border enforcement of copyright online tremendously unpredictable for defendants and unaffordable for copyright holders, ultimately, benefitting nobody.

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