

# **The “Essential Function” and the “Specific Subject-Matter” of copyright: Alternatives to limitations and exceptions?**

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- Questions raised in the invitation
  - Will a stricter definition of the Essential Function (EF) and the Specific Subject-Matter (SSM) of copyright reduce the need for new limitations and exceptions (I&e)?
  - Will EF/SSM play an important role in the future development of EU ©, in particular as regards the application of fundamental rights?

## Three parts of the presentation

- 1) 5 reasons for a null result regarding the questions
- 2) 2 possible implications of EF/SSM in the future (beyond I&e)
- 3) 3 general principles of EU IP Law (beyond EF/SSM)

## 1 Null result

### 1.1 EF and SSM presuppose and generally leave intact national IPRs

- The treaty does not affect the existence of national IPRs but only their exercise ([Deutsche Grammophon 1971](#); [Coditel I 1980](#); [Warner Brothers 1988](#); [EMI Electrola 1989](#); [Magill 1995](#))
- Negative integration in cross-border settings

## 1 Null result

### But [Football Association Premier League and Others 2011](#):

- “... it is permissible for a Member State to protect sporting events, where appropriate by virtue of protection of intellectual property ... However, it is also necessary that such a restriction does not go beyond what is necessary in order to attain the objective of protecting the intellectual property at issue.”
- SSM does not guarantee the highest possible but only appropriate remuneration

## 1 Null result

But 1.2: FAPL defines SSM in very formal terms:

- „the right to exploit commercially the marketing or the making available of the protected subject-matter, by the grant of licences in return for payment of remuneration”
- Note: the concept of “appropriate remuneration” has been relied upon in [UsedSoft 2012](#) and [Land Nordrhein-Westfalen v. Renckhoff 2018](#)

## 1 Null result

Background: property in innovations  $\neq$  property in product signs

- © and other property in innovations
  - Allocation of the subject matter “as such”, for any commercial purpose according to the will/interest of the right holder
  - “essential function” = “*wesentlicher Inhalt*” (essential content) (Coditel)

## 1 Null result

Background: property in innovations ≠ property in product signs

- In contrast: functionality of TM Law ([Hag II 1990](#))
  - SSM of TM is to protect the TM holder against competitors wishing to take advantage of the status and reputation of the trade mark by selling products illegally bearing that mark.
  - BUT: “In order to determine the exact scope of this right ..., regard must be had to the essential function of the trade mark, which is to guarantee the identity of the origin of the marked product ...”
  - Trans.: “*Hauptfunktion*”
  - “Trade mark rights are ... an essential element in the system of undistorted competition which the Treaty seeks to establish and maintain”

## 1 Null result

In defense of a formal concept of property

- Individual freedom in economic matters
- Separation of powers
  - Negative integration: EU/MS
  - Positive integration: CJEU/EU legislature

## 1 Null result

1.3: National measures relating to secondary law must be assessed in the light of those harmonising measures and not in the light of primary law ([VCAST 2017](#))

- 13 © directives and 2 © regulations
  - Full harmonisation and autonomous concepts ([Padawan 2010](#))
  - Exhaustive list of I&e in Art. 5 InfoSoc Dir.

## 1 Null result

True, you can draw links between SSM case law and the teleological interpretation of © directives

- Digital exhaustion under Computer Program Dir.
- [UsedSoft 2012](#): “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” (with reference to FAPL 2011)

## 1 Null result

But 1.4: CJEU not competent to rewrite secondary IP law

– No extension of exclusive rights beyond secondary law

– [Peek & Cloppenburg 2008](#): Copyright protection  
“can be achieved only within the framework put in place by the Community legislature ... it is not for the Court to create, for authors’ benefit, new rights ... beyond those envisaged by the Community legislature.”

## 1 Null result

But 1.4: CJEU not competent to rewrite secondary IP law

– No general teleological reduction of the concept of „work“

[AG Szpunar in Funke Medien 2018](#): MS precluded from invoking copyright for military reports

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[Funke Medien 2019](#): copyright protection for military reports must be ascertained by the national court in each case

## 1 Null result

But 1.4: CJEU not competent to rewrite secondary IP law

- No general teleological reduction of exclusive rights
  - Exclusive rights defined in unequivocal terms and must be interpreted broadly ([Infopaq I 2009](#), [GS Media 2016](#), [Funke Medien 2019](#))
    - In principle, the phonogram producer's exclusive right extends to very short sound samples ([Pelham 2019](#), see *infra*)
- UsedSoft only applies to the Computer Program Dir as a *lex specialis* to InfoSoc Dir ([Tom Kabinet 2019](#))

## 1 Null result

But 1.4: CJEU not competent to rewrite secondary IP law

- No unwritten limitations and exceptions
  - Even fundamental rights do not allow a derogation from exclusive rights beyond Art. 5 ([Spiegel Online 2019](#))
  - It is not for the Court to create new I&e, beyond those envisaged by the EU legislature (see, by analogy, Peek & Cloppenburg 2008 supra)

## 1 Null result

Instead 1.5: Fundamental rights is where the action is

- Legal basis to maintain a fair balance between copyright holders and users, inter alia by limiting the scope of exclusive rights
  - Unrecognisable sound samples and freedom of the arts (Pelham 2019)
  - Hyperlinking as communication to the public? (e.g. legality of commercial picture search engine: [BGH Vorschaubilder III 2017](#))

## 2 Possible future implications of EF and SSM

### 2.1: Establishment of a digital single market

#### – Geoblocking

- FAPL 2011: absolute territorial exclusivity creates an “artificial price difference” and a premium that exceeds appropriate remuneration
- Geoblocking to copyrighted content creates an “absolute territorial exclusivity” ([Groupe Canal + 2020](#))
  - Powerful argument to extend the scope of the Geo-Blocking Regulation 2018/302 to copyright content services (see [Comm Report 2020](#))

### 2.2: Copyright and access to data

- [Magill 1995](#): The refusal to provide basic information and thereby prevent the appearance of a new product constitutes an abuse of a dominant position.
- The principle of free movement of data under the [GDPR 2016](#) and the [Regulation on the free flow of non-personal data 2018](#)
- Proposal for a [Data Governance Act 2020](#)
  - “Public sector bodies should ... exercise their copyright in a way that facilitates re-use.”

## 3 General principles of EU IP law

### 3.1: Internal consistency of EU IP law

– E.g. [Cofemel 2019](#):

- © and design law pursue fundamentally different objectives and are subject to distinct rules
- Cumulation “can be envisaged only in certain situations” where the subject matter “merits” being classified as a work
- The clothing designs at issue in the main proceedings must not be protected under copyright

### 3.2: No unfair competitive advantages

- TM law: abstracts concepts (abstract combinations of colours or shapes) are not protectable “signs” because the holder of such a TM “would obtain an unfair competitive advantage” ([Heidelberger Bauchemie 2004](#) and [Dyson 2006](#))
- Confirms the functionality of TM law/rights

### 3.2: No unfair competitive advantages

- In © idea/expression dichotomy: „Protecting ideas by copyright would amount to making it possible to monopolise ideas, to the detriment, in particular, of technical progress and industrial development”.
- [Brompton Bicycle 2020](#): technical functionality of a shape
- [SAS Institute 2012](#): functionality of a computer program
- Infopaq I 2009: functionality of single words

### 3.3: Legal security

- TM law: Signs have to be capable of being represented on the register in a clear and precise manner ([Sieckmann 2000](#), [EU TM Dir](#), [EUTM Reg](#))
- ©: a work must be clearly and precisely identifiable
  - Taste of a food product ([Levola 2018](#))
  - Aesthetic impression of a shape ([Cofemel 2019](#))

Conclusion: Four drivers of future EU IP law:

- Politics
- International law
- IP principles
- Fundamental rights