

Automated image referencing services

Analysis of draft provisions of the European Parliament and of the Council and Proposals for the Trilogue regarding the DSM Directive

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EXECUTIVE SUMMARY

Modern image search engines offer open and free access to images in particular from websites of photographers by framing. Under current case law of the CJEU, it seems that they would not need an authorisation for framing. However, by offering many possibilities to consumers such as download and sharing, they make it unnecessary for consumers to visit the original website and thereby detract possible business from right owners. In fact, image search engines offer their service to gain major profits on the basis of advertising and thus exploit the images without authorisation, while photographers and other right owners have observed reduced traffic and business opportunities on their sites.

The current law is not entirely clear, and image search engines have not been ready to conclude license agreements with right owners. While the reasoning of the CJEU in the case “Cordoba” (case C-161/17) might suggest that the Court would acknowledge that modern image search engines do perform an act of making available, this is not certain (given the previous judgement in “*BestWater*”). Therefore, legal clarification is necessary to enable photographers to exploit their works from their websites where image search engines offer them to the public as described above. Therefore, Art. 13 b and the related definition of ‘automated image referencing service’ in Art. 2.1 (4d) should be adopted in order to clarify that automated image referencing services as defined (thus, in a specific, narrow scope) perform an act of reproduction/communication to the public. As compared to the European Parliament’s report, a slightly different wording has been suggested, as explained for each element in this opinion.

I. Background

1. Factual background

After adoption of the Information Society Directive 2001/29/EC, image search services, which automatically collect from the web, reproduce and make available images, developed as a business model. Upon indicating key words, consumers would be shown thumb nails (images stored on the servers of the search engine) on the website of the search engine. Today, such services have largely extended their business activity, so as to offer consumers direct access to large images in high quality, though not by referencing to the original (e.g., photographer's) website, but by framing. Accordingly, the images appear inside the search engine's frame and the consumer gets many possibilities, such as to download the image, to transmit it to others ("share"), including on social networks, to learn about the qualities (size), adjust the viewing area, and to view the image in full size without any frame. The consumer thus does not even need to go to the original website to use the image further, even where the original website is indicated. Modern image search engines thus have developed de facto into image banks (databases for images), which offer open and free access to images for consumers, while representing valuable business for search engines on the basis of advertising. By doing so, they detract possible business from right owners or their representatives, such as collective management organisations or picture agencies. All these uses currently are usually performed without the authorisation of rightholders in the images; search engines often have not even reacted to claims by CMOs who asked for conducting of negotiations in this regard.

2. Current legal situation

a) Reproduction

When thumbnails are indicated upon an image search, the images have previously been stored in the search engine's data center, and thus been reproduced, and this not only temporarily, so that the exception for mere technical, transient reproductions does not apply. The reproduction takes place on the servers of the search engine.

b) Communication to the public

Where thumbnails stored by the search engine and then displayed on its own website, the search engine company makes them available to the public pursuant to Art. 3 Information Society Directive.

aa) Framing case law of the Court

However, where the bigger images are shown, they are being referenced by a framing link to the original website. According to the CJEU, framing does not constitute an act of communication to the public, since the requirement of a "new public" established by the Court is not fulfilled, and also the same technique is used

as in the case of the first communication on the original website (i.e., the internet) (*CJEU Order of 21 October 2014 - BestWater International, Case C-348/13*).

The criterion of “new public” as such restricts the scope of the right of communication to the public and thus arguably contravenes the minimum scope of the right of communication to the public under the Berne Convention (to which all EU Member States are parties) and the WCT (to which, in addition, the EU is a party), since those treaties require the provision of the right of communication to any public, whether new or not – and it may be seen as contravening Art. 3 of the Information Society Directive, which also does not require a “new public” and aims at complying with the underlying international law. It is particularly questionable to apply this criterion not only to cases of hyperlinking where the user is referred to the original website (*as the Court did, in particular, in the case of Svensson, see CJEU of 13 February 2014, Case C-466/12, Nils Svensson and Others v Retriever Sverige AB*), but also to the case of framing, where the frame of the referring site remains and the user is not even aware of the fact that he accesses content from a different website.

This is true in particular where framing occurs with the (envisaged) effect that traffic is detracted from the original website so as to deviate also any business from that website to the one setting the framing link, such as the site of an image search engine. In fact, photographers have observed that after the major search engines had used framing of images in big size, visits to their websites and business went down strongly.

bb) Influence of more recent case law of the Court?

Even if the CJEU in *BestWater* has – by a brief Order only – decided that framing should be considered like hyperlinking (and that therefore a “new public” is required, but missing, so that there is no communication to the public), there is a certain likelihood that the CJEU today would decide otherwise in a situation like that of image search engines. In particular, in the case *Land Nordrhein-Westfalen v. Dirk Renckhoff* (case C-161/17, hereinafter “Cordoba”), it highlighted several aspects that led the Court to confirm that there was a communication to the public, and those aspects would also seem to play a role in the situation of image search engines as described above. Of course, the case C-161/17 dealt with the download of a picture of Cordoba from a website where it had been posted legally, and the subsequent posting on the defendant’s own website without authorisation of the right owner. It is thus still different from the situation of linking/framing discussed here, since the posting on one’s own website gives control over the image, while in the case of linking, the owner of the original site continues to control the appearance of his images on his website and thus also on all others that link to it.

Still, in the case *Cordoba*, the Court also stresses the following elements: that the right of communication to the public is preventive in nature (rec. 29), and that under Art. 3(3) InfoSoc Directive, the communication right is not exhausted by any act of communication to the public. In particular, it acknowledges that if posting on a website of a work previously posted on another one with the consent of the right owner were not to be considered making available to a new public, this

“would amount to applying an exhaustion rule to the right of communication” (rec. 30). If comparing the situation of the *Cordoba*-case and the one of search engines offering entire images from another website in full size and quality on their own website, even though by framing instead of posting, the effect from a user’s perspective is the same as in the *Cordoba* case. The image would be shown on the search engine’s website as if it had been posted there; it can be downloaded from there, further communicated, etc. Of course, the difference in the control of the work remains.

Furthermore, the Court in *Cordoba* not only recalled that deciding that there would not be a communication to the public would be contrary to the wording of Art. 3(3) InfoSoc Directive, but also stated that it “would deprive the copyright holder of the opportunity to claim an appropriate reward for the use of his work, set out in recital 10 of that directive”, while “the specific purpose of the intellectual property is, in particular, to ensure for the rightholders concerned protection of 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 an appropriate reward for each use of the protected subject matter” (rec. 34). In fact, where images from the original website are shown (even if by framing rather than posting) on the site of the image search engine as described above and as it happens under the current business models, the photographers and other artists are de facto deprived of the possibility to commercially exploit their works from their websites, since the search engines’ websites are conceived so as to make it unnecessary for the user to continue to visit the original website (if that site is at all indicated) in order to get a license, while the image search engine’s site attracts the traffic and thus important advertising revenues. This economic and teleological argument of the Court in recital 34 thus also could be applied to framing by image search engines.

In addition, for the *Cordoba* situation the Court held that “the public taken into account by the copyright holder when he consented to the communication of his work on the website on which it was originally published *is composed solely of users of that site and not of users of the website on which the work was subsequently published without the consent of the rightholder, or other internet users*” (rec. 35; highlighted by the author). This argument may directly also apply to image search engines that use framing, which has, from an economic point of view, the same effect as posting the image on the search engine’s site. The author, when posting his image on his site, takes into account the users of his website, on which he offers licensing possibilities and may attract advertising revenues, but he does not want his potential business to be taken away by others, who show on their website the same image and offer several possibilities of use thereof; in this context, it does not matter for the author whether the second website (here: of the image search engine) shows the images and offers related possibilities through posting the image or framing links.

Moreover, the Court clarified in *Cordoba* that “It is irrelevant....that... the copyright holder did not limit the ways in which internet users could use the photograph”, referring to the prohibition of formalities for the exercise and enjoyment of rights (rec. 36). In fact, photographers usually want to post their works on their websites

so as to be accessible to all users of the internet (and thus do not want to use technical protection measures), but want to attract business to their websites rather than see it being deviated to other websites, irrespective of whether such deviation takes place by posting or framing.

The Court itself compares the posting in *Cordoba* with hyperlinks, “which, according to the case-law of the Court, contribute in particular to the *sound operation of the internet* by enabling the dissemination of information in that network characterised by the availability of immense amounts of information” and concludes that the *Cordoba* situation, i.e., “the publication on a website without the authorisation of the copyright holder of a work which was previously communicated on another website with the consent of that copyright holder *does not contribute, to the same extent, to that objective.*” (rec. 40; highlighted by the author). Here also, one may argue that the framing as exercised by image search engines, which results de facto in the offer of image banks that deviate business and traffic to their own websites and away from those of photographers, does not mainly serve the “sound operation of the internet” (an argument which is by itself questionable in the context of copyright) – to the contrary, such framing appears as an unfair use of possibilities of the internet for one’s own business to the detriment of authors.

Finally, the Court, when comparing the *Cordoba* situation with hyperlinking in *Svensson*, it recalls its emphasis on “the lack of any involvement by the administrator of the site on which the clickable link had been inserted” in the *Svensson* case (rec. 45) and contrasts this with the *Cordoba* situation, where “that user played a decisive role in the communication of that work to a public which was not taken into account by its author when he consented to the initial communication.” (rec. 46). There are strong reasons to argue that also in the above described case of the business model of image search engines, the search engine plays a decisive role by offering the images with many additional possibilities for users (e.g. download, sharing) on its own website, rather than just referring to them.

Overall, the *Cordoba* case shows that many arguments applied by the Court in favour of a “communication to the public” are well suitable for application also to the described communication exercised by image search engines. The Court therefore might anyway apply the communication to the public right to this activity of image search engines in the future. Indeed, their business activities are different from the *BestWater* case, where an individual business person had framed into its own website a specific video that had been posted on YouTube without consent of the right owner.

However, since it is not clear how the Court would decide in the case of image search engines, and since it would still be possible that it would mainly rely on its arguments in *Svensson* and *Bestwater* and thus deny a communication to the public by image search engines, there is a need at least for clarification of the law by the legislature. Indeed, from an economic point of view (and from that of a user), there is no relevant difference between the posting of a work taken from another website on one’s own website and the framing by image search engines

in the way described above. Accordingly, both should be recognized as acts of communication to the public (in the form of making available). This would also be needed to comply with the underlying international law, which requires to provide an exclusive right of “communication to the public” as a minimum (Articles 11 – 11ter Berne Convention) including “making available to the public” (Art. 8 WCT, Articles 10 and 14 WPPT), as transposed in Art. 3 InfoSoc Directive, which is not restricted to acts of communication to a “new” public or otherwise.

II. Analysis of Draft Provisions

1. Proposals made by the European Parliament and the Council

Several proposals have been made in the framework of the legislative proceedings for the Digital Single Market Directive (proposal COM(2016)0593 – C8-0383/2016 – 2016/0280(COD)) to address the need to ensure protection for authors in the above situation through an obligation of image search engines to license the reproduction and communication to the public that they perform. It has to be stressed that these proposals only address the activities of image search engines, but not those of internet users who may download or further communicate or otherwise use images they found on the site of the search engine. Furthermore, the proposals are limited to the visual work repertoire and therefore are very limited in their scope.

Currently on the table are the following proposals:

Art. 2(1) pt. 4 d (new) defining “automated image referencing service”, and Art. 13 b (new) on the protection of authors as regards activities of image search engines, both of the European Parliament:

Article 2.1(4d)

Automated image referencing service’ means any online service which reproduces or makes available to the public for indexing and referencing purposes graphic or art works or photographic works collected by automated means via third-party online services.”

Article 13 b

Use of protected content by information society services providing automated image referencing. Member states shall ensure that information society service providers that automatically reproduce or refer to significant amounts of copyright protected visual works and make them available to the public for the purpose of indexing and referencing conclude fair and balanced licensing agreements with any requesting rightholders in order to ensure their fair remuneration. Such remuneration may be managed by the collective management organisation of the rightholders concerned.” The Council in its mandate for the trilogue negotiations has not directly addressed the situation of image search engines, but added a proposal for a new Article 9a on collective licensing with an extended effect, which might be helpful as regards the practical implementation of any protection of authors as regards activities of image search engines.

2. Discussion of the proposals

a) Definition

aa) Need for a definition

First, as regards the definition of the relevant services, it has to be decided whether one needs one, and if so, where (in Art. 2(1) or in Art. 13 b), and with which wording. Art. 2(1) pt. 4 d (new) as such looks useful, since it defines the relevant search engines that would be subject to the obligations towards authors under the proposed Art. 13 b. It may serve in particular to ensure the limited scope of application of Art. 13 b, so as to make it very clear that only automated systems are covered, and only those that perform referencing to images on other websites, for indexing and referencing purposes. Other services are simply not covered by the obligation under Art. 13 b.

bb) Where should a definition be placed?

Currently, the definition under Art. 2(1) would have no impact, since the defined term “automated image referencing service” is not used in Art. 13 b or otherwise. This is due to the different sources of both proposals.

Art. 13 b itself includes an indirect definition, by referring to

“information society service providers that automatically reproduce or refer to significant amounts of copyright protected visual works and make them available to the public for the purpose of indexing and referencing”.

While either version is likely to work, the limitation in scope would be clearer if placed in Art. 2 of the DSM proposal, which already contains a list of definitions, and it would therefore seem systematically consistent to include a definition of “automated image referencing service” in Art. 2.

If the definition is inserted into Art. 2, as proposed, one would have to adapt Art. 13 b by replacing the phrase “information society service providers that automatically reproduce or refer to significant amounts of copyright protected visual works and make them available to the public for the purpose of indexing and referencing” by the term finally used in the definition, i.e., currently, “automated image referencing services”.

cc) Content of the definition

(i) *The services*

Art. 2 uses the term “online service”, while Art 13 b uses “information society service providers”.

In this context, one has to take into account that the current Parliament's amendment 62 (Art. 2(1) pt. (4c)) defines "information society service" by referring to Art 1(1) b) Directive 2015/1535.¹

That Directive defines such services as follows:

"(b) 'service' means any Information Society service, that is to say, any service normally provided for remuneration, at a distance, by electronic means and at the individual request of a recipient of services.

For the purposes of this definition:

- 'at a distance' means that the service is provided without the parties being simultaneously present;
- 'by electronic means' means that the service is sent initially and received at its destination by means of electronic equipment for the processing (including digital compression) and storage of data, and entirely transmitted, conveyed and received by wire, by radio, by optical means or by other electromagnetic means;
- 'at the individual request of a recipient of services' means that the service is provided through the transmission of data on individual request.

An indicative list of services not covered by this definition is set out in Annex I". The Annex I alone is nearly one page long. This definition of "information society service" in the Parliament's amendment 62 was envisaged to further explain the definition of "online content sharing service provider" in Art. 2 (1) 4b, which is relevant for Art. 13, and which is defined by reference to an information society service. The definition of "online content sharing service provider" itself has become a quite extended, complex definition, with many exceptions. From a negotiation point of view, the danger here would be a "spill over" from the current, complex definition in Art. 2 (1) 4b to the definition of image search engines, on the basis of the common element of "provider of an information society service". This should be avoided in order to reduce confusion of different issues and other unwanted effects. Also, referring to the definition of "information society service" in a directive that has a different purpose from that of copyright protection (namely, to lay down a procedure for the provision of information in the field of technical regulations and of rules on Information Society services) entails the danger that any case law based on that other directive and its (different) purpose would probably have an influence on the interpretation and thus the sense of the copyright provisions in the DSM-Directive. It thus seems a bit risky and inappropriate to use the term "information society service". "Online service" as used in Art. 2(1) pt. 4d therefore should be preferred.

¹ DIRECTIVE (EU) 2015/1535 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 9 September 2015 laying down a procedure for the provision of information in the field of technical regulations and of rules on Information Society services (codification), O.J. EU L 241/1.

(ii) *Activities by which the services are characterised*

Art. 2 refers to a “service which reproduces or makes available to the public for indexing and referencing purposes (...works...) collected by automated means via third-party online services.” Art. 13 b refers to “service providers that automatically reproduce or refer to significant amounts of (...works...) and make them available to the public for the purpose of indexing and referencing.” Both definitions bring about one major ambiguity: they define relevant services by their activity of “reproducing” and/or “making available” works. Accordingly, the Court could read them as leaving without prejudice its interpretation of who is reproducing and making available works or what constitutes a communication/making available to the public; i.e., it could read the texts as referring to “an online service, *if* it reproduces and makes available works to the public”. Since any such provision would certainly be challenged one day before the Court, the Court might decide that such services, following *BestWater*, do not make available works to the public, since there is no new public. It could thus argue that Art. 13 b does not apply to image search engines. In order to avoid such ambiguity, one should regulate (in Art. 13 b) that image search engines do perform the act of communication/making available to the public, for example following the model of Art. 13(1) as adopted by the Parliament (“...online content sharing service providers perform an act of communication to the public”). For the definition, one might then use non-technical terms – at least for the act of making available, which is the most uncertain according to the current case law. For example, one could use “offer and show online” (possibly by adding ‘to any public’) in the definition (in Art. 2 or in the first part of Art. 13 b). For the content of Art. 13 b, see below under (b). When referring to such acts (reproducing, offering/showing online), it seems preferable to use “or” (instead of now either “or”, or “and”) as connection between them, so as to avoid that a search engine would escape the provision by outsourcing one of the activities, such as reproduction. When comparing the other main element of both definitions, “collected by automated means via third-party online services” and “automatically reproduce or offer/show online”, the second, shorter version seems better and “via” should be replaced by the more accurate term “from”.

(iii) *Objects covered*

As to the works covered, Art. 2 refers to “graphic or art works or photographic works”, while Art. 13 b refers to “significant amounts of copyright protected visual works”. As a matter of principle, all visual works that may be affected by image search engines should be treated in the same way. Therefore, it seems advisable to choose the broader term. It seems preferable not to include “copyright protected”, since the system of copyright protection implies that licensing is needed only if a work is protected and a relevant act occurs. Any provision in a directive and other legislation at international, EU and national level has so far relied on the simple terminology of a “work” without adding “copyright protected” and this clear terminology should not be diluted by adding elements that go without saying when licensing is at stake. Moreover, the definition should not be limited to services that offer (only) *protected* works; otherwise, Art. 13 b might

not apply to a service that offers both protected and unprotected (public domain) works.

Finally, the question is whether one would need the words “significant amounts” (of works), as proposed in Art 13 b, and whether they might even have a negative effect. The activity of *automatic* collection and referencing is likely to cover, by its nature alone, only significant amounts. Accordingly, it is recommended not to use this qualification.

(b) The obligation to ensure protection

Art. 13 b currently stipulates that Member States shall ensure that image search engines (as defined) “conclude fair and balanced licensing agreements with any requesting rightholders in order to ensure their fair remuneration. Such remuneration may be managed by the collective management organisation of the rightholders concerned.” Strictly speaking, this wording might not be sufficiently clear to ensure that the Court would recognize that image search engines do perform an act of reproduction or at least of communication to the public, since licensing agreements only need to be concluded *if* such act is being performed. As explained above, if the Court were to argue that image search engines, following *BestWater*, did not perform a communication to the public, Member States would not be able to ensure that licensing agreements are concluded. Therefore, it may be preferable to follow the model of Art. 13 in the Parliament’s version so as to set out that the relevant service providers “perform an act of communication to the public and shall therefore conclude fair and balanced licensing agreements with any requesting rightholders in order to ensure their fair remuneration”. So, only the phrase “perform an act of communication to the public and shall therefore” would need to be inserted, and at the beginning, the phrase “Member States shall ensure that” would have to be deleted. Then, the only question remains whether the clause “Without prejudice to Art. 3(1) and (2) of the Directive 2001/29/EC”, as currently written at the beginning of Art. 13(1), should be inserted in Art. 13 b, too. This clause might again lead to ambiguity; in particular, it might lead the Court to decide that Art. 3 *as interpreted by the Court* is left without prejudice, so that the new provision in the DSM Directive does not change the case law interpreting Art. 3 of the Directive. Accordingly, it would seem too risky to add this clause if one wants to be sure that the activity of image search engines as described does constitute acts of communication to the public. If a discussion on inserting “Without prejudice to Art. 3(1) and (2) of the Directive 2001/29/EC” comes up, one may rather suggest to insert, instead of that clause, a text along the lines of “In clarification of Art. 3(1) and (2) of the Directive 2001/29/EC” ... (or one could insert such “clarification” aspect in a recital). Admittedly, the “Without prejudice”-clause may have been meant to avoid the *e-contrario* argument that cases not covered by Art. 13 b would *per se* not constitute a communication to the public. This important aspect (i.e. to avoid such *e-contrario* conclusion) should be addressed – possibly best in a recital stating that Art. 13 b only regulates the covered situation, without prejudice to other, similar situations.

(c) Ways to implement the protection in practice

Under Art. 13 b, second sentence, “Such remuneration may be managed by the collective management organisation of the rightholders concerned.”

First, since Art. 13 b first sentence refers to licensing, this activity in the first place must be implemented in a practical way, and collective licensing may be one, if not the best, option. Remuneration would follow from licensing. Therefore, the words “Such remuneration” should be replaced by the words “Such conclusion of licensing agreements and the distribution of the resulting remuneration”. Given the diversity of markets for images in the Member States, and in particular as regards the right ownership – in some Member States, mainly CMOs manage the relevant rights, in others it is mainly picture agencies, which may in part also be members of CMOs – the EU legislation should not determine the one and only obligatory way of management. Rather, several possibilities should be mentioned as options, which could even be combined in one and the same Member State. Given the tremendous number of pictures that may be found and shown by image search engines in the internet, the relevant uses are mass uses, which typically are best managed on a collective basis. In fact, to some extent, also major picture agencies manage rights of authors and may be able to do so also for mass uses such as those carried out by image search engines. However, in many Member States, it is mainly CMOs that manage the relevant rights of authors and would seem most suited to negotiate collective licenses with image search engines. Some of them even include smaller picture agencies as their members. In order to avoid a situation in which individual outsiders (non-members) of CMOs argue that their pictures have not been licensed and therefore individually claim injunctions and damages from an image search engine, the concept of extended collective license, as it is already proposed for other situations in Art. 9a of the Council statement, may be helpful for the management of rights as well as for image search engines. It allows outsiders to be covered by the collective license and thus also to obtain the related remuneration, or even to opt out and decide not to be covered thereby. Search engines would get legal security by knowing that they acquired most if not all rights by the license. Picture agencies could either opt out, if an extended collective license were introduced in a Member State, or the national law could exclude them from the application of the extended collective license from the outset. Given the diversity of the markets in the Member States, it is recommended to leave the options for implementation of protection to the Member States, while indicating several options as examples. Those will be (mainly as regards major picture agencies) individual licensing, as well as collective licensing, possibly combined with the concept of extended collective licensing.

III. Proposals

Report European Parliament (MEP Axel VOSS) Directive copyright in the DSM

Proposals for new wording

Article 2.1(4d)

automated image referencing service' means any online service which reproduces or makes available to the public for indexing and referencing purposes graphic or art works or photographic works collected by automated means via third-party online services."

'automated image referencing service' means any online service which ***automatically collects from third parties' internet websites and reproduces or shows online visual works***, [such as graphic or art works or photographic works,] for indexing and referencing purposes.

Article 13 b

Use of protected content by information society services providing automated image referencing

Use of protected content by ***automated image referencing services***

Member states shall ensure that information society service providers that automatically reproduce or refer to significant amounts of copyright protected visual works and make them available to the public for the purpose of indexing and referencing conclude fair and balanced licensing agreements with any requesting rightholders in order to ensure their fair remuneration. Such remuneration may be managed by the collective management organisation of the rightholders concerned.

Automated image referencing services perform an act of reproduction or communication to the public and shall therefore conclude fair and balanced licensing agreements with any requesting rightholders in order to ensure their fair remuneration. ***Member states may decide how the conclusion of licensing agreements and the distribution of the resulting remuneration may be managed, such as by the collective management organisation of the rightholders concerned, or by individual licensing.***

About EVA

European Visual Artists (EVA) represents the interests of authors' collective management societies for the visual arts. **26 European societies** are gathered under this roof as members or observers. They manage collectively authors' rights of close to **100 000 creators** of works of fine art, illustration, photography, design architecture and other visual works.

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