

International Comparative Legal Guides



Practical cross-border insights into copyright law

Copyright 2023

Ninth Edition

Contributing Editors:

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Copyright Exceptions: A Spotlight on the Recent Developments for the Parody, Pastiche and TDM Exceptions to Copyright Infringement Under UK Copyright Law

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Introduction

Copyright exceptions, although rarely front and centre of IP debates, play a crucial role in promoting a fair and balanced copyright ecosystem in the UK, in particular with regard to innovation and artistic creativity, which might otherwise be unduly stifled.

Despite this important role, it was not until this year that two exceptions which are considered important for artists, musicians and comedians in particular (the parody and pastiche exceptions) received their first UK judicial treatment. Developments are also imminent in relation to the text and data mining (“TDM”) exception (considered to be influential for the development of AI, in particular), with plans from the UK government to broaden the TDM exception, in particular as to the purposes for which TDM can be conducted within the protection of the exception. We therefore use this year’s Expert Analysis Chapter to take a look at the relatively unexplored world of copyright exceptions.

The Parody and Pastiche Exceptions

On 1 October 2014 the Copyright and Rights in Performances (Quotes and Parody) Regulations 2014/2356 (the “**Regulations**”) came into effect in the UK, amending the Copyright, Designs and Patents Act 1988 (the “**CDPA**”) by introducing new copyright exceptions, one of which permits copying on a fair dealing basis “*for the purposes of ... parody or pastiche*”.

Section 30A(1) of the CDPA provides that “*fair dealing with a work for the purposes of ... parody or pastiche does not infringe copyright in the work*”. This provision was introduced into UK law by Regulation 5(1) of the Regulations and has its origins in an EU Directive: Directive 2001/29/EC of 22 May 2011 on the harmonisation of certain aspects of copyright and related rights in the Information Society (the “**Info Soc Directive**”).

An overarching principle of the Info Soc Directive is that Member States can introduce exceptions to copyright infringement where reproduction of a copyright work “*does not conflict with a normal exploitation of the work and does not unreasonably prejudice the legitimate interests of the author*”. This provision – known as the three-step test – derives originally from the Berne Convention which, along with the WIPO Copyright Treaty, provide signatory countries (including the UK) with the autonomy to

determine when unauthorised reproductions may be permitted under national law. This is the essential purpose of exceptions: to set the limits as to when a user can undertake – without the owner’s permission – what would otherwise be an infringing act.

Despite the novelty of these exceptions, neither the CDPA nor the Info Soc Directive provide a statutory definition for “parody” or “pastiche”; however guidance from the UK Intellectual Property Office (the “**UKIPO**”) confirms that the words should be given their ordinary, everyday meaning. The UKIPO also states that:

“in broad terms: parody imitates a work for humorous or satirical effect. It evokes an existing work while being noticeably different from it. Pastiche is musical or other composition made up on selections from various sources or one that imitates the style of another artist or period.”

Such guidance is not binding, however, so in the absence of any statutory definition, clarification of the scope/limitation of these “new” fair dealing exceptions rests with the English courts. However, there has been very little discussion (none in fact, until this year), about the application of these exceptions in English case law. This may be thought surprising, given that parodies are often seen as the cornerstone of British comedy.

In the absence of clarification from the Courts, the utility of the parody and pastiche exceptions has been unclear in the UK not least given the added measure of uncertainty which derives from the requirement for any use to amount to “fair dealing”, which will always depend on the facts.

“Fair dealing”

“Fair dealing” exceptions to copyright infringement existed within UK copyright law, before the implementation of the “new” exceptions. Historically, UK copyright law permitted use of a copyright work in instances where there had been fair dealing if: (1) the use was for the purposes of research or private study; (2) it was used for the purposes of criticism, review or quotation; or (3) it was used for the purposes of reporting current events.

While, again, there is no statutory definition of “fair dealing” under the CDPA, unlike the parody and pastiche exceptions, the question of what constitutes “fair dealing” has been the subject

of regular discussion in English case law. Cases have established a helpful framework to assist in determining what types of use will be ‘fair’, involving an assessment of: (i) the amount of the original work used; (ii) whether such amount is reasonable and appropriate; and (iii) whether the use of the work is for a rival purpose which might affect the market for the original work. UKIPO guidance also suggests that “*fair dealing allows you only to make use of a limited, moderate amount of someone else’s work*”.

The Deckmyn case

Turning back to the question as to what amounts to ‘parody’ and ‘pastiche’, prior to this year the only clarity as to the meaning of ‘parody’ came in the form of the CJEU ruling in the *Deckmyn* case, in 2014.

The case concerned the use made by a Mr. Deckmyn (a member of a Belgian nationalist anti-immigration party), of a drawing which closely resembled the title cover of a comic book from 1961, written by Mr. Vandersteen. The cover of the original comic book shows a man throwing coins to crowds of people who are trying to pick them up under the title “The Wild Benefactor” (the “**Drawing**”).

Mr. Deckmyn replicated the Drawing on the cover of calendars, which he had been distributing during a political campaign, in 2011, and replaced the man in the Drawing with the Mayor of the City of Ghent and inserting into the background people wearing veils collecting the coins (the inference being that the Mayor was handing out state money to immigrants). Mr. Vandersteen’s estate owned the copyright in the Drawing and objected to the use of the image for political purposes.

On appeal, Mr. Deckmyn argued that the political cartoon fell within the parody exemption provided under Belgian law, prompting the Belgian Court to refer questions to the CJEU concerning the interpretation of the Info Soc Directive and the meaning of the “parody” exception. The CJEU held, amongst other things, that:

- the concept of “parody” is an autonomous concept of EU law and individual Member States (including the UK at the time) were not free to determine the limits of “parody” on an individual basis;
- the essential characteristics of a parody are that it should: (1) evoke an existing work while being noticeably different from it; and (2) constitute an expression of humour or mockery; and
- the application of the exception for parody must strike a fair balance between the interests of the author of the original work and the interests (and in particular freedom of expression) of a user of the work for a parody, taking into consideration the provisions of the Berne Convention which state that the legitimate interests of authors must not unreasonably be prejudiced by a reproduction which would otherwise be permitted under a national exception to infringement.

A distinction was also made by the CJEU between two types of parody, namely: (1) parody directed at or concerned with the original work; and (2) target parody where the original work parodied is merely the instrument of an intention aimed at a third party individual or object, as was the case in *Deckmyn*. The CJEU confirmed that both categories of parody could be protected. The specific use by Deckmyn in this case, however, was not protected because in the Drawings, the characters who in the original work were picking up the coins, were replaced by people wearing veils and other people depicted to be immigrants, which conveyed a discriminatory message. In those circumstances, holders of rights have, in principle, a legitimate

interest in ensuring that their protected copyright is not associated with such a message.

Following the CJEU’s ruling, there has been continued debate about whether the definition of “parody” as established in *Deckmyn* is too wide such that certain activities (for example, adapting an image of a comic cartoon character) would, by virtue of the CJEU’s two-step test, fall under the exception when they would not (and/or indeed should not) ordinarily, be considered a “parody” under the everyday meaning of the word.

Matters rested there, with uncertainty surrounding the application of the parody exception and no guidance at all as to the pastiche exception, until very recently, in the form of a decision of the UK Intellectual Property and Enterprise Court on the parody and pastiche exceptions under UK copyright law.

Shazam Productions v Only Fools The Dining Experience [2022] EWHC 1379 IPEC (“OFAH”)

Shazam, a company holding the rights in the famed British sitcom “Only Fools and Horses” (previously owned by its creator, John Sullivan), sued Only Fools The Dining Experience (“**OFDE**”) and related companies and individuals for using characters, catchphrases, themes and other material taken from the sitcom in their immersive theatrical dining experience “Only Fools The (cushty) Dining Experience”.

Interestingly, in their infringement claim Shazam sought to rely on copyright in the characters as works themselves (pleaded for the first time in the English courts), including the celebrated character of “Del Boy Trotter”, as well as copyright in the scripts for the sitcom. The Defendants denied the claims, maintaining that characters could not be protected by copyright and that in any event, they had a defence to copyright infringement as their show amounted to “fair dealing” by way of parody or pastiche.

Subsistence

The court noted that at the time of the judgment, there had been:

“no English case law in which the point has arisen for decision, still less a case in which copyright has been held to subsist in a character”.

It was therefore in uncharted territory on this question, as well as in relation the meaning of the exceptions

The judge, (John Kimbell Q.C., sitting as a Deputy High Court Judge) approached the matter from first principles, considering first whether the character (the alleged “work”) qualified as a work under EU law (from which the relevant parts of UK copyright law derive), before asking whether the alleged subject matter could be accommodated within one of the CDPA’s categories of protected works (i.e. either as a dramatic or literary work).

The court confirmed that to qualify for protection as a copyright work, the two cumulative conditions, set out in *Cofemel v G-Star Raw* [2020] ECDR 9 (as discussed in more detail in the 2020 ICLG Edition) must be satisfied, namely:

- (1) “*There exists an original subject matter in the sense of being the author’s own intellectual creation.*”
- (2) “*Classification as a work is reserved to the elements that are the expression of such creation*”. This second condition requires that the subject matter is expressed with sufficient precision and objectivity.

Significantly, the court was satisfied that Del Boy as a character (who was inspired by John Sullivan’s own personal experiences), was an original creation of Mr. Sullivan’s and an expression of his own free and creative choices.

Further, the court considered that the character of Del Boy, as

a “fully rounded character with complex motivations and a full backstory” (with key features such as “mangled French” and catchphrases) is clearly and precisely identifiable. It was therefore held that the character of Del Boy could constitute a work protectable by copyright law, and that it would make “sense” for this to be a literary work under the CDPA.

Although striking, the court’s conclusion is consistent with judgments concerning copyright in very well-known characters in other countries, including the ruling of the German Federal Court of Justice in the Pippi Longstocking case, and the decision of the 3rd Circuit in the USA concerning Sherlock Holmes.

Parody or pastiche exceptions

Having determined that the “evidence of infringement by the Defendants is overwhelming and obvious”, the court rejected the Defendants’ argument that the acts of infringement were “fair dealing” for the purposes of parody or pastiche.

The court’s assessment of the exceptions serves as the first time that these “new” fair dealing exceptions have been considered in English law, carrying with it important clarifications on the meaning of the terms “parody” and “pastiche”.

In considering the definition of “parody”, the court referred to the CJEU definition in *Deckmyn* that the essential elements of parody as a legal concept are that the work must:

- (1) evoke an existing work;
- (2) be noticeably different from the existing work; and
- (3) constitute an expression of humour or mockery.

The court noted that the definition was “potentially very wide” and hence introduced a further requirement to the concept of parody, namely that “it does express some kind of opinion by means of its imitation, but noticeable difference from the work parodied”. The court considered that without the need for a parody to express an opinion, every reproduction or imitation of a comic work (if it was noticeably different from the original) could constitute a parody.

Significantly, the court also provided a long-awaited definition of the concept of “pastiche”, explaining that the essential ingredients for pastiche within the meaning of section 30A are that: in order to qualify as a pastiche, the use must either imitate the style of another work, or be an assemblage/medley of a number of pre-existing works, but must be noticeably different from the original work.

In theory this may therefore apply to a broad spectrum of ‘mash-ups’, fan fiction, music sampling, collage, appropriation art, medleys, and many other forms of homage and compilation – with each to be assessed on their own facts and merits. The defence did not apply to these facts however, as the dining experience merely took the characters, back stories, jokes and catch phrases, and presented them in a live dining format, and so was more akin to reproduction by adaptation than pastiche:

- (1) “The use of a work imitates the style of another work; or
- (2) It is an assemblage (medley) of a number of pre-existing works.
- (3) In both cases, as with parody, the product must be noticeably different from the original work.”

The court noted that these features of the pastiche exception are distinct from those of the parody exception, wherein the imitation is usually intended for mockery/ridicule, and there may be cases where the allegedly infringing work contains both elements of parody and pastiche.

This decision is a welcome addition to the UK copyright law regime which had, until now, lacked clarity in respect of the treatment for parodic works/pastiche. In the context of exceptions to copyright infringement, confirmation of the meaning of these words will be important for both users and owners of

copyright works. As to the treatment of copyright in characters, the decision is consistent with recent approaches to the interpretation of *Cofemel*, and further illustrates its breadth in conferring the protection of copyright to things which copyright lawyers even 10 years ago would not have expected to be regarded as ‘works’. However, a small note of caution should perhaps be sounded on both aspects of the OFAH decision explored above, given that the case is a decision of the UK’s most junior IP Court; further guidance from more senior Courts would be very welcome.

Text and Data Mining Exception

The availability of low cost data storage and processing over the past two decades has been accompanied by growth in the use of advanced data analysis techniques, such as machine learning. These techniques identify hidden patterns and statistical features in data. Many areas of research and commercial endeavour have come to rely on them. The key to their success is often obtaining data of a sufficient quality and quantity to ensure insights derived from the data are representative and decisions based on the data are unbiased. However, what if data are embedded in copyright works? Does the reproduction of those works for automated analysis (commonly referred to as text and data mining, or “TDM”) result in an infringement of copyright?

The UKIPO’s position is that unless permitted under licence or by exception, making copies of a work for TDM will constitute copyright infringement. A similar position has been adopted in the EU. The debate about whether TDM involves acts restricted by copyright therefore appears to have fallen by the wayside. Instead, the focus has moved on to whether TDM should be subject to an exception.

This debate takes place in the wider context of the growth in the use of AI technology. Many countries want to provide a favourable environment for AI research and development and data is seen as a new factor of production. The EU, Japan and Singapore have all recently enacted specific exceptions for TDM. Depending on the circumstances, TDM may also be considered fair use under US law. After an early start in 2014 the UK has fallen behind these jurisdictions. The UKIPO’s recent consultation response demonstrates a desire to make up lost ground.

Current UK position

Depending on the circumstances, TDM undertaken with respect to some categories of work may fall within the temporary copies exception provided under s28A CDPA. However, from a practical perspective the use of TDM techniques is likely to also involve the creation of more permanent copies of a work which fall outside the scope of the exception.

Aside from temporary copies, following a recommendation made in the 2011 Hargreaves review, in 2014 the UK introduced s29A of the CDPA. S29A permits the making of a copy of a work by a person who has lawful access to that work provided the copy is made to “carry out a computational analysis of anything recorded in the work for the sole purpose of research for a non-commercial purpose”. Contractual terms purporting to restrain the making of such copies are unenforceable. While welcomed by those in academia, the requirement that the copy is made for “research for a non-commercial purpose” results in a narrow exception which cannot be relied on in a commercial context. This creates challenges both for industry and for partnerships between industry and academia. The exception is also limited to copyright and does not extend to the *sui generis* database right.

Proposed UK TDM exception

In October 2021, the UKIPO published a consultation seeking views on whether changes should be made to the UK's exception for TDM. Aside from making no legislative changes, the possible options proposed included extending s29A to cover commercial research and extending the exception to also cover database rights. Beyond this, the consultation also sought views on whether a broader exception should be permitted, which would allow TDM for any purpose. Two versions of this broader exception were proposed. One would allow a rights holder to opt-out their works and was modelled on the exception for commercial TDM recently adopted by the EU. However, a second went further and would not allow a rights holder to opt-out their work.

Published in June 2022, the UKIPO's response indicated that the Government intends to pursue the broadest exception under consideration, a commercial TDM exception without the ability for a rights holder to opt-out their work. While it remains to be seen how this will translate into a specific legislative proposal (which will follow in due course), the UKIPO's response indicates that the exception will have the following features:

- it will apply to both copyright and database rights;
- it will be subject to a prohibition on contractual terms which purports to restrain the making of copies of works (or extractions from protected databases) for the purposes of TDM; and
- the lawful access requirement under s29A will also apply to the new exception.

The requirement for lawful access will allow rights holders to retain some degree of control, e.g. they will be able to place their works or databases behind a paywall and charge a licence fee for access. However, the prohibition on contractual terms which exclude the exception will have the effect that any agreement which grants lawful access to works or a protected database will now also grant the right to perform TDM on those works or databases.

Issues still to be addressed

While the direction of travel for TDM exceptions in the UK is now clear, several issues are likely to arise during the forthcoming legislative process:

- **What happens to agreements entered prior to the new exception coming into force?** Many existing agreements grant access to works and databases while containing terms which prohibit TDM. If the same approach is adopted as was taken for s29A, these terms will become unenforceable on the date the new exception comes into force.
- **Does 'any purpose' really mean any purpose?** TDM can be used as one step in a process to create new AI generated works which could potentially compete in the market with the original works. Will these uses of TDM also be permitted under a new exception, or will they be carved?
- **Are you better off without copyright?** A restriction on contractual terms which prohibits TDM potentially puts copyright and database rights holders in a worse position than those who hold data which is not embodied in copyright works or a protected database. These parties will be free to impose contractual restrictions which prohibit TDM, while rights holders will be prevented from doing so. This type of scenario was recognised by the CJEU in *Ryanair Ltd v PR Aviation* (C-30/14) and appears to be on the cards again with a new TDM exception.



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Cases of particular note include:

- *Mattel v Zynga* (obtaining a Court of Appeal victory for Mattel in relation to the iconic Scrabble brand);
- *Warner Music & Sony Music v TuneIn* (UK Court of Appeal test case on liability for linking to copyright protected content);
- *Metropolitan International v Google* (one of the leading cases on search engine liability for defamatory content); and
- *Meltwater v the Newspaper Licensing Agency* (the Copyright Tribunal dispute which set the model for the licensing of online news content).

Phil also sits on the Copyright and Technology Working Group of the British Copyright Council and regularly appears in the media on copyright and other media law issues.

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Rebecca O'Kelly-Gillard

1 Copyright Subsistence

1.1 What are the requirements for copyright to subsist in a work?

For copyright to subsist:

- literary, dramatic, musical and artistic works must comply with the criterion of originality, i.e. the work must originate from its author and must not be copied from another work. This does not mean that the work must be the expression of original or inventive thought; the originality required relates to the expression of the thought and is not a subjective test regarding the 'artistic' originality or novelty. The standard of originality is low and depends on the author having created the work through his own skill, judgment and individual effort, and not having copied from other works;
- the work must be fixed, i.e. recorded in writing or in some other material form;
- the work must meet UK qualification requirements, either through the nationality of its author or through its place of first publication; and
- the relevant term of copyright must not have expired.

1.2 Does your jurisdiction operate an open or closed list of works that can qualify for copyright protection?

The Copyright, Designs and Patents Act 1988 sets out a closed list of works that qualify for copyright protection. However, CJEU case law, in particular in the *Cofemel* and *Brompton Bicycles* decisions, suggests that a closed list may be incompatible with the requirements of the InfoSoc Directive (Dir 2001/29). (CJEU case law remains in force and binding on the English courts until there is a legislative change or the Court of Appeal or Supreme Court departs from it.) The UK courts have endorsed this approach in *Shazam Productions Ltd v Only Fools The Dining Experience Ltd*.

1.3 In what works can copyright subsist?

Copyright can subsist in: original literary, dramatic, musical or artistic works; sound recordings, films or broadcasts; and typographical arrangements of published works.

1.4 Are there any works which are excluded from copyright protection?

Works which do not include the requisite level of originality as set out in question 1.1 are excluded from copyright protection.

1.5 Is there a system for registration of copyright and, if so, what is the effect of registration?

No, copyright subsists automatically.

1.6 What is the duration of copyright protection? Does this vary depending on the type of work?

In general, the terms of protection in the UK are as follows:

- Copyright in a literary, dramatic, musical or artistic work lasts for the life of the author plus 70 years from the end of the calendar year in which the author dies.
- Copyright in computer-generated literary, dramatic, musical or artistic works lasts 50 years from the end of the calendar year in which the work was made.
- Copyright in a film expires 70 years after the end of the calendar year in which the death occurs of the last to survive of the principal director, the author of the screenplay or dialogue, and the composer of any music specifically created for the film.
- Copyright in a sound recording expires 50 years from the end of the calendar year in which the recording is made; or if, during that period, the recording is published, 70 years from the end of the calendar year in which it was first published; or if, during that period, the recording is not published but is played or communicated in public, 70 years from the end of the calendar year in which it was first so made available.
- Copyright in a broadcast expires 50 years from the end of the calendar year in which the broadcast was made.
- Copyright in the typographical arrangement of a published edition expires at the end of the period of 25 years from the end of the calendar year in which the edition was first published.

1.7 Is there any overlap between copyright and other intellectual property rights such as design rights and database rights?

Some works are also covered by other intellectual property rights in addition to copyright: e.g. 3-D and other designs can be protected by design rights; a database may be protected by the *sui generis* database right (this is intended to protect and reward investment in the creation and arrangement of databases, and protects rightsholders from the extraction and/or re-utilisation of the contents of the database). A logo protected by copyright may also be protected as a trade mark.

1.8 Are there any restrictions on the protection for copyright works which are made by an industrial process?

There are no such restrictions.

2 Ownership

2.1 Who is the first owner of copyright in each of the works protected (other than where questions 2.2 or 2.3 apply)?

The author, i.e. the person who creates the work, is usually the first owner of copyright in that work. The presumption is that the author will be:

- the person who creates a work for literary, dramatic, musical or artistic works;
- the producer of a sound recording;
- the producer and the principal director of a film;
- the publisher of a published edition;
- the person making a broadcast or effecting a retransmission of a broadcast;
- the publisher of a typographical arrangement; and
- the person making the arrangements necessary for the creation of the work for computer-generated works (including certain works created by artificial intelligence systems).

However, this may be amended by agreement. For example, it is possible for someone who would ordinarily be deemed to be the copyright owner to assign the benefit of future copyright, even prior to that work having been created.

2.2 Where a work is commissioned, how is ownership of the copyright determined between the author and the commissioner?

Copyright will belong to the author of the work (i.e. the person commissioned), unless there is an agreement to the contrary assigning the copyright and which is signed by the commissioned party, e.g. in a services contract. However, where a work has been commissioned and there is no express assignment of the copyright to the commissioner or licence to the commissioner to use the work, the courts have often been willing to imply a contractual term that copyright should be licensed to the commissioner for the use that was envisaged when the work was commissioned. Occasionally, the court will even assign the copyright to the commissioner. The extent of any implied licence will depend on the facts of any given case, but generally the licence will be limited to that necessary to meet the needs of the commissioner.

2.3 Where a work is created by an employee, how is ownership of the copyright determined between the employee and the employer?

If a work is produced as part of an employee's employment, the first owner will automatically be the company that employs the individual who created the work, unless the employee and employer agree otherwise in writing. No further formalities are required and the employee has no rights to subsequent compensation.

2.4 Is there a concept of joint ownership and, if so, what rules apply to dealings with a jointly owned work?

Yes. A work will be of joint authorship if it is produced by the collaboration of two or more authors in which the contribution of each author is not distinct from that of the other author or authors. If the contribution is distinct, then separate copyrights will subsist in each author's respective parts of the work.

A joint author will have individual rights that they can assign independently of the other author or authors. However, a joint owner cannot grant a licence which is binding on the other co-owners, nor can a joint owner grant an exclusive licence.

3 Exploitation

3.1 Are there any formalities which apply to the transfer/assignment of ownership?

Copyright is transmissible by assignment, by testamentary disposition or by operation of law, as personal or movable property.

The only formal requirements for an assignment of copyright are that it is in writing and signed by or on behalf of the assignor. The terms of the assignment (and how they are expressed) are entirely at the discretion of the contracting parties.

An assignment or other transfer of copyright may be partial, that is, limited so as to apply to one or more, but not all, of the acts the copyright owner has the exclusive right to do; and can be in relation to part or the whole of the period for which the copyright is to subsist.

3.2 Are there any formalities required for a copyright licence?

Unlike an assignment, a licence of copyright need not be in writing nor comply with particular formalities and may, therefore, be oral or implied. However, in order to obtain the statutory rights of an exclusive licensee, e.g. the right to sue third party infringers, an exclusive licence must be recorded in writing and signed by or on behalf of the licensor. If an exclusive licence is not in writing, the licensee will only have a contractual right to use the copyright, not to enforce it.

3.3 Are there any laws which limit the licence terms parties may agree to (other than as addressed in questions 3.4 to 3.6)?

Please see the answers to questions 2.4 and 4.2.

3.4 Which types of copyright work have collective licensing bodies (please name the relevant bodies)?

There are numerous collecting societies in existence in the UK, including:

- the Performing Rights Society (PRS), which administers the public performance rights (including in relation to broadcasts, streaming services, and non-theatrical performances) of songwriters, composers and music publishers in musical compositions and lyrics;
- the Mechanical-Copyright Protection Society (MCPS), which administers the reproduction rights (e.g. in relation to CDs, digital downloads and musical toys) of songwriters, composers and music publishers (PRS and MCPS operate jointly as PRS for Music);

- Phonographic Performance Ltd (PPL), which licenses recorded music when it is played in public or broadcast on the radio or TV in the UK and then distributes the fees to the performers and recording rightsholders it represents;
- PPL PRS (a joint venture between PPL and PRS for Music), which offers a single joint music licence, on behalf of them both, for playing and performing music in public;
- ICE (a joint venture between PRS for Music, Swedish collecting society STIM and German collecting society GEMA), which is an integrated multi-territory music copyright licensing and processing hub;
- NLA Media Access (formerly the Newspaper Licensing Agency), which administers the reproduction rights of newspaper and some magazine publishers in articles;
- the Copyright Licensing Agency (CLA), which administers the reproduction rights of authors and publishers in literary and artistic works;
- the Authors' Licensing and Collecting Society (ALCS), which administers various rights of authors in literary and dramatic works; and
- the Design and Artists Copyright Society (DACS) and the Artists' Collecting Society (ACS), which administer rights in artistic works (including resale rights).

3.5 Where there are collective licensing bodies, how are they regulated?

Collecting societies are regulated by the Collective Management of Copyright (EU Directive) Regulations 2016. They are also subject to the supervision of the Copyright Tribunal in relation to licensing terms.

3.6 On what grounds can licence terms offered by a collective licensing body be challenged?

A reference in respect of the terms of a proposed licensing scheme may be made to the Copyright Tribunal by an organisation claiming to be representative of persons who claim that they require licences under the proposed scheme. A licensee may also refer to the Copyright Tribunal the terms on which a licensing body proposes to grant a licence to it. A reference to the Copyright Tribunal in respect of the terms of an *existing* licence scheme may be brought by a person claiming that he requires a licence under it, or an organisation claiming to be representative of such persons.

The primary grounds of challenge which the Copyright Tribunal can consider are that the terms are unreasonable or discriminate unfairly between licensees.

In addition, a person can make an application to the Copyright Tribunal where an operator of a scheme has unreasonably refused to grant a licence under that scheme.

In addition to copyright claims, the Collective Management of Copyright (EU Directive) Regulations 2016 require copyright licensing bodies to make available alternative dispute resolution procedures in relation to any breach of the Regulations, except in relation to tariffs.

4 Owners' Rights

4.1 What acts involving a copyright work are capable of being restricted by the rights holder?

Copyright holders have the exclusive right to do or authorise the following:

- copying the work;
- issuing copies of the work to the public;
- renting or lending the work to the public;
- performing, showing or playing the work in public;
- communicating the work to the public; and
- adapting the work.

The copyright owner can restrict these acts in relation to the whole or any substantial part of the work.

The courts have shown that they are willing to find intermediary service providers (ISPs) liable for primary copyright infringement where they have infringed the exclusive right of copyright owners to authorise any of the above acts, most notably where ISPs have authorised the copying of works or making them available to the public.

The courts have also shown a willingness to use common law principles to protect the rights of copyright owners. For example:

- parties have been found to infringe copyright where they act in a common design with each other to induce others to do any of the above infringing acts; and
- case law has also found that where website operators or service providers provide the key means by which copyright can be infringed, and they know or intend for their service to be used for that purpose, they can be held to be joint tortfeasors with those who actually perform the infringing act.

4.2 Are there any ancillary rights related to copyright, such as moral rights, and, if so, what do they protect, and can they be waived or assigned?

There are a number of ancillary rights associated with the creation of copyright works, the most common of which are:

- Moral rights: the author or director of a copyright work usually has moral rights in relation to the work. These are the rights to: i) be identified as the work's author or director; ii) object to derogatory treatment of the work; iii) privacy in respect of certain photographs and films; and iv) not have the work's authorship wrongly attributed. These rights may be waived by the author or director but not assigned. The first three rights have the same duration as copyright, but the right to object to false attribution lasts for the author's or director's lifetime plus 20 years.
- Performers' rights: performers have various property and non-property rights in relation to the exploitation of their performances, in addition to a right to equitable remuneration in certain cases.
- Publication right: the publication right grants rights equivalent to copyright to a person who publishes for the first time a literary, dramatic, musical or artistic work, or a film in which copyright has expired.

4.3 Are there circumstances in which a copyright owner is unable to restrain subsequent dealings in works which have been put on the market with his consent?

The doctrine of exhaustion of rights provides that once copies of a copyright work are issued to the public in one EEA Member State with the owner's consent, the owner cannot object to their circulation anywhere else within the EEA. The courts have held that the principle does not apply to subsequent/back-up copies of digital works. In those cases, it appears that the copyright owner's rights would only be exhausted in relation to the original digital version placed on the market. Since the UK left

the EU, the UK has confirmed that the copyright will still be exhausted as set out above. However, the EU has not adopted the same approach: copyright will not be exhausted in the EU as a result of a copyright work being made available in the UK with the owner's consent. As a result of this imbalance, the UK is considering whether any amendments are required in relation to the UK's exhaustion regime, but has not put in place any time-frame for any decision to be made.

5 Copyright Enforcement

5.1 Are there any statutory enforcement agencies and, if so, are they used by rights holders as an alternative to civil actions?

HMRC is the UK customs authority responsible for national policy governing IP rights enforcement at the UK external border. In certain circumstances, HMRC (and Border Force, the law enforcement command within the Home Office responsible for carrying out the frontier interventions that implement this policy) are empowered to detain goods that may infringe intellectual property rights such as copyright. The UK regime is governed by Section 111 of CDPA 1988, which permits the owner of copyright in certain types of works to lodge a notice with HMRC stating their ownership of copyright in a work and requesting infringing copies to be treated as prohibited goods.

Trading Standards officers in the UK are also under a statutory duty to enforce copyright and have the powers, among others, to make test purchases of infringing goods, to enter premises and to inspect and seize goods and documents which infringe

The City of London Police and the UK Intellectual Property Office have also set up the Police Intellectual Property Crime Unit (PIPCU) to tackle serious and organised intellectual property crime (counterfeit and piracy) affecting physical and digital goods (with the exception of pharmaceutical goods). PIPCU's focus is on offences committed online.

5.2 Other than the copyright owner, can anyone else bring a claim for infringement of the copyright in a work?

Yes, an exclusive licensee has the same rights and remedies in respect of matters that occur after the exclusive licence was granted, as if the licence had been an assignment. This statutory position can be modified by contract.

A non-exclusive licensee can also bring a claim for infringement, although only in limited circumstances; specifically, if the infringement is directly connected to an act which the licensee had been licensed to carry out under the licence, and the licence is in writing, signed by the copyright owner, and expressly grants the non-exclusive licensee a right of action.

5.3 Can an action be brought against 'secondary' infringers as well as primary infringers and, if so, on what basis can someone be liable for secondary infringement?

Yes, a person will be liable for secondary infringement of copyright if they do or authorise any of the following:

- import an infringing copy;
- possess or deal with an infringing copy;
- provide means for making infringing copies;
- permit the use of premises for an infringing performance; and
- provide apparatus for an infringing performance.

To be liable for secondary acts of infringement, the secondary infringer must have some actual or imputed knowledge of the primary infringement of the copyright work.

5.4 Are there any general or specific exceptions which can be relied upon as a defence to a claim of infringement?

A number of provisions of the CDPA permit various activities which would otherwise be infringements of copyright in literary, dramatic or musical works.

The most common exceptions relate to:

- temporary copies technically required to enable a lawful use;
- fair dealing, including the use of copyright works for the purpose of:
 - news reporting;
 - parody, caricature or pastiche; and
 - quotation;
- incidental inclusion;
- educational use;
- use in libraries;
- archives and public administration;
- works permanently situated in public places;
- the making of digital copies by various institutions;
- text and data mining;
- making copies accessible to disabled people;
- further exceptions for the purpose of research or private study;
- public interest; and
- copying for the visually impaired.

There is currently no private copying exception under UK law.

5.5 Are interim or permanent injunctions available?

Yes, both interim and permanent injunctions are available, as are "site-blocking injunctions" (orders against ISPs to prevent access to websites held to infringe copyright).

5.6 On what basis are damages or an account of profits calculated?

Damages are calculated so as to put the claimant in the position it would have been in if the infringing act had not occurred. This is often based on what would have been a reasonable licence fee had the copyright owner entered into an arm's length licence with the party found to infringe copyright. An account of profits is calculated so as to make the defendant forfeit to the copyright owner the profits made as a result of the infringing act. A successful claimant must elect one of the two remedies.

In the event that the infringement has been particularly flagrant, the copyright owner will be able to claim punitive damages in addition to the basic amount.

5.7 What are the typical costs of infringement proceedings and how long do they take?

The traditional forum for IP litigation at first instance in the UK is the High Court. Costs can vary from £250,000–£1 million+ per side (depending on the complexity of the claims at issue) to take an action to trial, and the winner can usually expect to recover about two thirds of its actual costs from the loser. The typical time for a case to be heard at the High Court is about 12–15 months, and with an appeal within a further 12–18 months.

Infringement proceedings can also be brought in the Intellectual Property and Enterprise Court (IPEC) in which court procedures are simplified to make the cost of actions significantly lower: typical costs are of the order of £75,000–£350,000 per side, although costs recovery by the winner is limited to a maximum of £60,000. The typical time for a case to be heard is 8–12 months in the IPEC.

5.8 Is there a right of appeal from a first instance judgment and, if so, what are the grounds on which an appeal may be brought?

Yes, the appeal court will allow an appeal where the decision of the lower court was one of the below:

- Wrong, which is presumed to mean: an error of law; an error of fact; or an error in the exercise of the court's discretion.
- Unjust, because of a serious procedural or other irregularity in the proceedings in the lower court.

5.9 What is the period in which an action must be commenced?

The limitation period for bringing a copyright infringement claim in the UK is six years from the date when the cause of action arose.

6 Criminal Offences

6.1 Are there any criminal offences relating to copyright infringement?

There are various criminal offences in respect of copyright infringement, including:

- making an infringing article for sale or hire;
- importing an infringing article into the UK other than for private and domestic use;
- possessing an infringing article in the course of business with a view to committing any act infringing copyright;
- selling, letting for hire, offering/exposing for sale or hire, exhibiting in public, or distributing an infringing article in the course of business;
- distributing an infringing article not in the course of business but to such an extent as to prejudice the copyright owner; for example, a large number of infringing copies are given away for free, therefore affecting the copyright owner's revenue;
- making/possessing an article specifically designed for making copies of a copyright work; and
- communicating a work to the public intending to make a gain for themselves or another person, or knowing or having reason to believe that communicating the work to the public will cause loss to the owner of the copyright, or will expose the owner of the copyright to a risk of loss.

6.2 What is the threshold for criminal liability and what are the potential sanctions?

Criminal liability usually requires knowledge or reasonable belief about the infringing nature of the works and/or activity, in addition to a commercial purpose.

Criminal remedies apply in parallel with civil remedies, and offences carry varying levels of possible punishment including fines and/or imprisonment with, in certain cases, a maximum term of imprisonment of 10 years.

Criminal sanctions for online copyright infringement have recently been brought in line with those for physical infringement (i.e. to increase the sanction from a maximum two-year imprisonment to a maximum of 10 years' imprisonment).

7 Current Developments

7.1 Have there been, or are there anticipated, any significant legislative changes or case law developments?

The European Copyright Directive was approved in April 2019, with Member States having two years in which to implement its provisions. However, in February 2020 the UK Government stated that it would not be implementing the Directive. As a result, there is likely to be a divergence between UK and EU law post-June 2021 (the deadline for implementation of the Directive by Member States).

In addition, the CJEU decisions in *Cofemel* and *Brompton Bicycles* decisions raise the question as to whether the UK's closed list of copyright works is compatible with EU law. This point was considered in *Shazam Productions Ltd v Only Fools The Dining Experience Ltd & Ors* and demonstrates how the courts are willing to consider forms of copyright that go beyond the closed list set out the CDPA.

It is also now possible for the UK courts to depart from EU law, this may lead to further divergences from previously harmonised law. However, both the *Shazam Productions and Warner Music v TuneIn* cases demonstrate that the UK courts will not diverge unnecessarily from EU law.

7.2 Are there any particularly noteworthy issues around the application and enforcement of copyright in relation to digital content (for example, when a work is deemed to be made available to the public online, hyperlinking, in NFTs or the metaverse, etc.)?

The UK courts have dealt with various blockchain related proceedings. The courts have shown a willingness to grant orders designed to prevent defendants who hide behind the anonymity of blockchain services from evading litigation (see *Osbourne v Ozzone Networks* and *D'Aloia v Binance Holdings*), these options (as well as blocking injunctions and Norwich Pharmacal orders) should be considered by anyone who finds their copyright being infringed in NFTs and/or the metaverse.

7.3 Have there been any decisions or changes of law regarding the role of copyright in relation to artificial intelligence systems, including the use of copyright in those systems and/or any work generated by those systems?

There have not been any legislative or case law developments in this area to date in the UK. The UK Intellectual Property Office (UKIPO) published its response to its consultation on "AI IP: copyright and patents" which ran from 29 October 2021 to 7 January 2022. The response stated that it will keep under review whether copyright works created by a computer, and without a human author, should continue to be protected under

UK copyright law, but that it was premature to bring in any legislative changes at this stage when the relevant technology was still under considerable development. The Government did, however, indicate that legislative change is required in relation to text and data mining (TDM): the government's conclusion was to introduce a new exception to copyright and database rights allowing TDM systems to function for any purpose

without the need for licencing arrangements. Rightsholders will also not be able to opt out of the new regime. There will, however, be a safeguard for rightsholders via a requirement for lawful access. Rightsholders can therefore choose the platform where they make their works available, including being able to charge for access.



Rebecca O'Kelly-Gillard is a partner in Bird & Bird's Intellectual Property Group in London and co-head of Bird & Bird's International Copyright Group. Her particular focus is helping clients solve trade mark and copyright issues that have a digital or online focus. Her digital focus relates to all IP issues arising online, including highly complex issues regarding copyright infringement, hyperlinking and the communication of works to the public. Rebecca works with a range of service platforms, content owners and content creators helping them navigate their business against a changing legislative backdrop, enabling them to maximise their digital and data assets for commercial success. Rebecca advises extensively on the IP issues arising from the creation of NFTs and the metaverse.

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