Case C-355/12 Nintendo: CJEU says copyright protection must be proportionate and that the circumvention of protection measures could be legal

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The Court of Justice of the European Union has held that copyright owners can only object to circumvention of technical protection measures ("TPM") where those TPM are proportionate and where the circumvention tools are not, in fact, mainly used for legitimate purposes. The decision is likely to introduce additional cost, delay and complexity into anti-piracy litigation.

In order to prevent the playback of illegal copies of its videogames, Nintendo’s Wii and DS consoles feature TPM that allow consoles to recognise and play only content originating from Nintendo. Nintendo issued proceedings in Italy against PC Box Srl alleging that devices provided by PC Box unlawfully circumvented Nintendo’s TPMs, contrary to the Copyright Directive (Directive 2001/29/EC). In reply, PC Box claimed that Nintendo’s protection measures prevented users from engaging in legitimate uses of Nintendo consoles and that, as such, they were disproportionate. Accordingly, said PC Box, Nintendo’s TPM’s were not protected and there was no basis to stop PC Box’s circumvention tools.

In its judgment, the CJEU explained that although the Copyright Directive requires "effective technical measures" to be interpreted broadly, such measures must nonetheless adhere to the rules of proportionality and cannot inhibit devices that have a commercially significant, non-infringing purpose or use. The Court has left it up to national courts to determine whether TPMs are "proportionate" in light of other available measures, in particular whether those other measures would cause less disruption to the activities of third parties, their costs and their effectiveness in protecting the author's rights. The national court must also consider whether the circumvention tools at issue in any proceedings are more frequently used for infringing or non-infringing acts.

It is clear from this CJEU decision that technological protection measures, such as those used by computer and video game manufacturers, are to be used in a proportionate and targeted way, protecting the rightholder’s interests without unduly interfering with the innocent acts of third parties. In practice, however, these factors are fluid and fact-sensitive, meaning that comparing deployed TPMs against available alternatives and determining what uses circumvention tools are in fact put to, will make it more expensive and time-consuming to prepare for and conduct litigation.

The Edwards Wildman’s Intellectual Property and Advertising, Digital Media & e-Commerce groups regularly counsel clients on copyright issues, including registrations and ownership issues.

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