The making available right in the "cloud" environment

– Toward the harmonization of the substantive scope of the right –

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I. Introduction

Various businesses using the "cloud" computing technologies have been raising the legal issues with respect to the making available right.

Needless to say, the WIPO Treaties of 1996 have already accomplished an effective harmonization with regard to the making available right for an interactive transmission, by providing the so-called "umbrella solution" beyond the differences of national laws. The WIPO Treaties no doubt play and will continue to play an important role even in the "could" environment.

However, would it be sufficient to properly deal with various problems arising in the global "cloud" businesses?

The umbrella solution might have allowed the diversity of the provisions implemented in national laws and the differences of the interpretation of the provisions of the Treaties. As a result, it might have provided the differences of the substantive scope of the making available right among national laws.

Such differences might cause the problems in the global "cloud" businesses, even if the national laws fulfill the obligations imposed by the Treaties, since the "cloud" businesses are often carried out beyond national boundaries.

In my opinion, even the "cloud" developments do not require any revision of the WIPO Treaties, but it would be desirable to carefully review the interpretation of the provisions of the Treaties (e.g. the "making available" and the "public") and the substantive scope of the making available right implemented in national laws.[1]

The purpose of this presentation is to examine the result of the umbrella solution and the current problems in the "cloud" environment with regard to the making available right, by reviewing the differences of the substantive scope of the making available right implemented in national laws.

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[1] The Response by the Hungarian ALAI Group prepared by Dr. Mihály Ficsor for the ALAI congress in Kyoto also states, " [i]n our view, there is no need for any revision of the WIPO Treaties due to the cloud developments. What is needed is adequate interpretation and application of the provisions of the Treaties in the cloud environment." (p.3).

II. The achievement of the umbrella solution of the WIPO Treaties

1. The significance of the umbrella solution

Needless to say, the WIPO Treaties of 1996 have already accomplished an effective harmonization with regard to making available right for an interactive transmission, by providing the so-called "umbrella solution" beyond the differences of national laws.

While the WIPO Treaties provide the right of making available to the public, they allowed "the relative freedom of national legislators in choosing the right of distribution, the right of communication to the public, the combination of these rights, or a new right, to fulfill obligations under Article 8 of the WCT (and Articles 10 and 14 of the WPPT)."[2] [3] This is called the "umbrella solution" which was first proposed by Dr. Mihály Ficsor.

The WIPO Treaties have been providing the legal basis that is capable of responding to the recent and future technological and commercial developments. Therefore the WIPO Treaties no doubt play and will continue to play an important role even in the "could" environment.

2. The diversity in national laws

The umbrella solution has allowed the diversity of the provisions implemented in national laws.[4] It includes three types of the implementation.[5]

(1) The right of communication to the public (EC)

Article 3(1) of the EC Information Society Directive (2001/29/EC) provides "authors with the exclusive right to authorise or prohibit any communication to the public of their works, by wire or wireless means, including the making available to the public of their works in such a way that members of the public may access them from a place and at a time individually chosen by them."

Article 3(2) thereof provides performers, phonogram producers and broadcasting organizations etc. with the exclusive right to authorize or prohibit the making available to the public.

(2) The distribution right and the public performance right (USA)

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[2] *See* Mihály Ficsor, The Law of Copyright and the Internet, (Oxford Univ., 2002) pp.500.

[3] Such is the case with Article 10 of the Beijing Treaty on Audiovisual Performances of 2012.

[4] *See also* WIPO, Survey on Implementation Provisions of the WCT and the WPPT, (2003) [http://www.wipo.int/edocs/mdocs/copyright/en/sccr_9/sccr_9_6.pdf]; Jacqueline Seignette, Right to make available to the public, in: The Report of ALAI Congress 2007, p.429.

[5] *See* Ficsor, *supra* note 2 at 501 et seq.

Under Article 106(3) of the US Copyright Act, the owner of copyright has the exclusive rights to do and to authorize to "distribute copies or phonorecords of the copyrighted work to the public by sale or other transfer of ownership, or by rental, lease, or lending."

Under Articles 106(4) and 106(6), the owner of copyright has the exclusive rights to do and to authorize to perform the copyrighted work publicly.

(3) The making transmittable right (Japan)[6]

Article 23(1) of the Japanese Copyright Act (JCA)[7] provides authors with the right of public transmission including the right of making transmittable.

Under the JCA, performers, phonogram producers, broadcasting organizations and wire-broadcasting organizations shall have the right of making transmittable (Arts. 92*bis*, 96*bis*, 99*bis* and 100*quater*).

III. The current problems caused by the diversity

The umbrella solution might have provided the differences of the interpretation of the provisions of the Treaties, in particular the "making available" and the "public". As a result, it might have allowed the differences of the substantive scope of the making available right among national laws, while it accomplished the harmonization by correctly accepting any legal characterization of the right(s) in national laws.

1. The "making available"

The first problem concerns the interpretation of the "making available". Whether an act constitutes the "making available" in the meaning of the WIPO Treaties is of importance rather for neighboring (related) rights than for copyrights, since the WPPT grants performers and phonogram producers the exclusive right for the making available to the public (Arts. 10 and 14 of the WPPT), but only the right to an equitable remuneration for the use of commercial phonograms for broadcasting or for any communication to the public (Art. 15 of the

[6] *See* Tatsuhiro Ueno, Chapter 22 (Japan) in: Silke von Lewinski (ed.) Copyright Throughout The World, (Thomson / West, loose-leaf from 2008), §22:19 and §22:26. *See also* Ryu Kojima, "Making available to the public" - The perspective of Japanese Copyright Law, in: The Report of ALAI Congress 2007, p.458.

[7] Translations of the Japanese Copyright Act are available at <http://www.japaneselawtranslation.go.jp/law/detail/?id=1980&vm=02&re=02&new=1> and <http://www.cric.or.jp/cric_e/clj/clj.html>. Regarding the outline written in English of the JCA and major cases, *see* Ueno, *supra* note 6; Peter Ganea / Christopher Heath / Hiroshi Saito (ed.) Japanese Copyright Law, Writings in Honour of Gerhard Schricker (Kluwer, 2005).

WPPT), while the WCT grants authors the broad exclusive right of communication to the public including the making available to the public (Art. 8 of the WCT).

(1) The simulcasting and webcasting are the "making available"?

(a) Broadcasting?

It seems to be widely understood that the simulcasting, where broadcasts emitted by broadcasting organizations are simultaneously communicated over the Internet, and the webcasting, where independent programs specifically created for the Internet are transmitted over the Internet, are regarded as broadcasting rather than making available in the meaning of the WIPO Treaties.[8]

It follows that performers of fixed performances and phonogram producers shall enjoy only "the right to a single equitable remuneration for the direct or indirect use of phonograms published for commercial purposes for broadcasting or for any communication to the public" (Art. 15(1) of the WPPT), but they have no exclusive right for simulcasting and webcasting.

The same holds true for the EC Information Society Directive[9] and the German Copyright Law.[10]

(b) Making available to the public?

On the other hand, it has long been believed in Japan that simulcasting and webcasting are regarded as making available to the public rather than broadcasting in the meaning of the WIPO Treaties.[11] It follows that performers and phonogram producers shall enjoy the exclusive right for simulcasting and webcasting (Arts. 10 and 14 of the WPPT).

Based on the interpretation, it is provided in the Japanese Copyright Act that simulcasting and webcasting are regarded as an automatic public transmission (Art. 2(1)(ix)*quarter* of the JCA) covered by the right of making transmit-

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[8] *See* Jörg Reinbothe / Silke von Lewinski, The WIPO Treaties 1996, (Tottel, 2001) p.109 (no.20); Silke von Lewinski, International Copyright Law and Policy, (Oxford Univ., 2008) pp.457 (no.17.76).

[9] *See* Michel M. Walter / Silke von Lewinski / Walter, European Copyright Law (Oxford Univ., 2010) p.984; Oliver Castendyk, Senderecht und Internet, in: Reto M. Hilty (hrsg.) Schutz von Kreativität und Wettbewerb (FS-Loewenheim), 2009, S.31, 42ff.; Thomas Dreier / P. Bernd Hugenholtz / Stefan Bechtold, Concise European Copyright Law, (Kluwer, 2006) p.361.

[10] *See* Gerhard Schricker / Ulrich Loewenheim / Joachim von Ungern-Sternberg, Urheberrecht Kommentar, 4. Aufl. (Beck, 2010) Vor §§20ff. Rn.7 und §20 Rn.45ff; Artur-Axel Wandtke / Winfried Bullinger, Urheberrecht Kommentar, 3. Aufl. (Beck, 2009) §78 Rn.8; Haimo Schack, Urheber- und Urhebervertragsrecht, 5. Aufl. (Mohr Siebeck, 2010) Rn.464. *See also* OLG Hamburg, Urteil vom 8.2.2006, NJW-RR 2006,1054,1055 – Cybersky.

[11] *See* Agency for Cultural Affairs, WIPO Shin-jôyaku ni tsuite [On the new WIPO Treaties], 433 Kopiraito [Copyright] p.7 (1997) (in Japanese); Kaoru Okamoto, Daredemo wakaru chosakuken [Copyright easy to understand] (Zensharen, 2005) pp.105 (in Japanese).

table to the public rather than as broadcasting in the meaning of the Japanese Copyright Act.[12] Therefore, performers and phonogram producers shall enjoy the exclusive right for simulcasting and webcasting under the Japanese Copyright Act (Arts. 92*bis* and 96*bis* of the JCA).

In fact, in the Maneki TV case concerning the space-shifting service of TV programs, where a user can enjoy TV programs only on a real-time basis via the Internet (live streaming), the Supreme Court held on 18 January 2011 that the service could constitute an infringement of the right of making transmittable to the public of the broadcasting organizations (Art. 99*bis* of the JCA).[13] [14] Based on the decisions of the Supreme Court, the IP High Court upheld the broadcasting organizations' claim for injunction and damages on 31 January 2012.[15]

It follows from the decision that such a space-shifting service of TV programs could constitute the infringement of the exclusive right of making transmittable not only of broadcasting organizations but also of performers, phonogram producers and broadcasting organizations in Japan.

In sum, the substantive scope of the right of making available (transmittable) in Japan seems broader on this point than in other countries.

(2) An actual transmission after an uploading is the "making available"?

It seems to be dominantly understood that the "making available" under Article 8 of the WCT and Articles 10 and 14 of the WPPT includes both the element of making interactive transmission *possible* and the subsequent *actual* interactive transmissions carried out on the basis of this possibility.[16] The same holds true with regard to the EC Information Society Directive.[17]

On the other hand, it has long been believed in Japan that the making available under the WIPO Treaties covers only the element of making interactive transmission *possible* (namely the one-shot action of uploading).[18] Based on the interpretation, it is generally construed that the right of making transmittable

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[12] *See* Moriyuki Kato, Chosakukenhô chikujô kôgi [Commentary on the Copyright Act], 5th revised ed. (CRIC, 2006) p.34,497,547 (in Japanese).

[13] Supreme Court, 18 January 2011, 65-1 Minshû 121 [*Maneki TV Case*].

[14] *See also* Tatsuhiro Ueno, Re-Broadcasting of TV Programmes - Public Transmission, in: M. Bälz, M. Dernauer, C. Heath, A. Petersen-Padberg (ed.) Business Law in Japan : Cases and comments, Writings in Honour of Herald Baum, (Kluwer, 2012) p.491.

[15] IP High Court, 31 January 2012, 2142 Hanrei Jihô 96.

[16] *See* Ficsor, *supra* note 2 at 508; Reinbothe / v. Lewinski, *supra* note 8 at 108 (no.17); v. Lewinski, *supra* note 8 at 457 et seq. (no.17.73); Dreier / Hugenholtz / Martin Senftleben, Concise European Copyright Law, (Kluwer, 2006) p.105.

[17] *See* Ficsor, *supra* note 2 at 508. But *see* Walter / v. Lewinski / Walter, *supra* note 9 at 983 (no.11.3.30).

[18] *See* Kato, *supra* note 12 at 497; Agency for Cultural Affairs, *supra* note 11 at 17; Okamoto, *supra* note 11 at 193; Hiroshi Saito, Chosakukenhô [Copyright Law], 3rd. ed. (Yûhikaku, 2007) p.44.196 (in Japanese).

to the public of performers and phonogram producers in the Japanese Copyright Act covers only the uploading, not the subsequent actual interactive transmissions following the uploading.[19] [20]

In sum, the substantive scope of the right of making transmittable in Japan might be narrower on this point than in other countries.

Furthermore, we have to re-examine that the national laws vest authors, performers and phonogram producers with the exclusive right of making available which covers not only the *actual* interactive transmission but also the making interactive transmission *possible* (uploading) prior to the actual transmission as a preliminary act, even if the uploading might be made without any reproduction. In fact, it seems to be disputed in the USA, whether the right of distribution covers the making available (downloadable) to the public itself (e.g. file-sharing).[21]

2. The "public"

The second problem concerns the interpretation of the "public". Whether an act is regarded to be addressed to the "public" in the meaning of the WIPO Treaties is critical both for neighboring (related) rights and copyrights, since the WIPO Treaties grant no right for the communication and transmission *not* to the public.

(1) What is the "public"?

The term "public" has neither been defined in the WIPO Treaties nor the Berne Convention. It has been still left to be defined in national laws. Similarly, the term "public" has not been defined in EC Directives.

It is true that the contracting parties of the WIPO Treaties may not choose an overly narrow definition of the "public", in order to guarantee an "effective" protection from the viewpoint of the preamble of the WCT and the WPPT.[22] However, the interpretation of the "public" might differ among countries.

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[19] *See* Kato, *supra* note 12 at 39,497-498; Saito, *supra* note 18 at 196. *See also* the judgment of the Supreme Court on 18 January 2011 [*Maneki TV Case*].

[20] *See* Ficsor, *supra* note 2 at 508 which pointed out with regard to the Japanese Copyright Act that "[t]he concept of 'making transmittable' as defined in the above-quoted complex definition seems to be somewhat narrower than the concept of 'making available to the public' under Article 8 of the WCT and, for example, under Article 3(1) of the Information Society Directive".

[21] *See e.g.* Nimmer on Copyright, §8.11 [C][D]; David O. Carson, Making the making available right available, 33 Colum. J.L. & Arts 135 (2010). *See also* Capitol Records, Inc. v. Thomas-Rasset, 2012 U.S. App. LEXIS 19040 (8th Cir. Minn. Sept. 11, 2012).

[22] *See* Reinbothe / v. Lewinski, *supra* note 8 at 111 (no.21); v. Lewinski, *supra* note 8 at 151 (no.5.147) and p.458 (no. 17.77).

There might be a consensus that "the normal circle of a family and its closest social acquaintances" are not regarded as the "public". And it is often defined that the "public" is "a group consisting of a substantial number of persons outside the normal circle of a family and its closest social acquaintances."[23] Nevertheless, the substantive scope of the "public" is still unclear.

According to the recent judgments of the CJEU (Court of Justice of the European Union), in the cases concerning the hotels, the distribution of a signal by means of television sets by a hotel to customers staying in its rooms constitutes the communication to the public in the meaning of the directives.[24] On the other hand, in the case of a waiting room of a dental practice, the concept of "communication to the public" in the meaning of the directives does not cover the broadcasting of phonograms within the private dental practices, according to the CJEU.[25]

Under the Japanese Copyright Act, on the other hand, the "public" is considered to be unspecified or a large number of persons, while a small number of specific persons do not constitute the public (Arts. 2(5) and 26*bis*(4) of the JCA).[26] Therefore, it is construed in Japan that even one person could constitute a member of the "public", if he/she is "unspecified" that means a person who is situated outside the normal circle of a family and its closest social acquaintances.

(2) A device specified to a particular user is addressed to the "public"?

Another problem arises over a device which is allocated to the specified user in such services as a personal online video recorder and a personal online storage (locker) service.

In the Cablevision case in the US, the Court on 4 August 2008 denied the direct infringement of the right of reproduction and the right of public performance, holding that "[b]ecause each RS-DVR playback transmission is made to a single subscriber using a single unique copy produced by that subscriber, we conclude that such transmissions are not performances 'to the public,' and therefore do not infringe any exclusive right of public performance."[27]

In the same way, in the Aereo case, the Court on 11 July 2012 denied the infringement of the right of public performance and dismissed the plaintiffs' motion for a preliminary injunction, holding that "[w]hether a user watches a pro-

[23] *See* WIPO, Guide to the copyright and related rights treaties administered by WIPO and glossary of copyright and related rights terms, (WIPO, 2003) p.306, (Written by Mihály Ficsor).

[24] CJEU, 7 December 2006, C-306/05 – "Rafael Hoteles"; CJEU, 15 March 2012, C−162/10 – "Hotel room".

[25] CJEU, 15 March 2012, C-135/10 – "Private dental practice".

[26] *See* Ueno, *supra* note 6 at §22-24 *et seq*. *See also* Kato, *supra* note 12 at 70.

[27] Cartoon Network LP, LLLP v. CSC Holdings, Inc., 536 F.3d 121 (2d Cir. N.Y. 2008).

gram through Aereo's service as it is being broadcast or after the initial broadcast ends does not change that the transmission is made from a unique copy, previously created by that user, accessible and transmitted only to that user, the factors Cablevision identified as limiting the potential audience."[28]

In the Save.TV case and the shift.TV case in Germany, the Federal Court of Justice (BGH) on 22 April 2009 quashed the decision of the Dresden High Court which upheld the plaintiffs' claim and remanded the case back to the Dresden High Court.[29] Based on the decision of BGH, the Dresden High Court denied the infringement of the right of reproduction and the right of making available to the public (Recht der öffentlichen Zugänglichmachung) (Art. 87(1)(i) of the German Copyright Act), on the ground that a TV program was not made public, if only a single recording of a program on an online video recorder was made available to only one single person, even if such users could constitute the public as a whole.[30] [31] Yet, it should be noted that the Court held that the service constituted the infringement of the retransmission right of the broadcast of the broadcasting organizations (Art. 87(1)(i) of the German Copyright Act).

On the other hand, in Japan, in the Rokuraku II case concerning a service of the personal online video recorder, the Supreme Court on 20 January 2011 quashed the decision of the IP High Court that denied the infringement of the right of reproduction, on the ground that the defendant (the service provider) was regarded as the person having made the reproduction of broadcast TV.[32] Based on the decisions of the Supreme Court, the IP High Court upheld the plaintiffs' claim for injunction and damages due to the infringement of the right of reproduction on 31 January 2012.[33]

In the Maneki TV case concerning a space-shifting service of TV programs where a user can enjoy TV programs on a real-time basis by accessing the device named "Base Station" via a PC connected to the Internet, the Tokyo District Court and the IP High Court dismissed the plaintiffs' claim, holding that the defendant had not infringed the right of public transmission and the right of making transmittable on the grounds that the Base Station had had the function of transmitting information only to a sole corresponding device that had already been set up. However, the Supreme Court held that the service could constitute an infringement of the right of making transmittable to the public of the broadcasting organizations, on the ground that the transmission using the device could be considered as an automatic public transmission (Art. 2(1)(ix)*quarter* of

[28] ABC v. AEREO, Inc., 2012 U.S. Dist. LEXIS 96309 (S.D.N.Y. July 11, 2012).
[29] BGH Urteil v. 22.4.2009, ZUM 2009,765 – "Save.TV"; BGH Urteil v. 22.4.2009, GRUR 2009,845 – "shift.TV".
[30] OLG Dresden Urteil v. 12.6.2011, ZUM 2011,913 – "shift.TV".
[31] *But see* LG München, Urteil v. 9.8.2012, Az. 7 O 26557/11 – "Save.TV".
[32] Supreme Court, 20 January 2011, 65-1 Minshû 399 [*Rokuraku II Case*].
[33] IP High Court, 31 January 2012, 2141 Hanrei Jihô 117.

the JCA), since any person could become a user of the service by entering into a service contract with the defendant, and that the user of the service had been regarded as an unspecified person from the defendant's perspective and could therefore be regarded as the public.[34] Based on the decision of the Supreme Court, the IP High Court upheld the plaintiffs' claim for injunction and damages on the 31 January 2012.[35]

Moreover, in the MYUTA case concerning the online storage (music locker) service with which a user can listen to music recorded on his/her own CDs by way of his/her cellular telephone, the Tokyo District Court on 25 May 2007 held that the online storage service was considered to fall under an infringement of both the right of reproduction and the right of public transmission, on the grounds that any person could become a user of the service by the subscription and that the user of the service had been regarded as an unspecified person from the service provider's perspective and could therefore be regarded as the public.[36]

In my view, it depends on the understanding of the starting-point of a transmission (namely the service provider? the device? the copy?), whether the transmission is considered to be the "public" transmission.

In sum, the "public" seems broader in Japan and the substantive scope of the right of making transmittable (available) in Japan might be broader on this point than in other countries. Japan might be the paradise for right holders.

IV. Conclusion

The umbrella solution of the WIPO Treaties might have allowed the diversity of the provision of the making available right implemented in national laws and the differences of the interpretation of the provisions of the Treaties and, as a result, provided the difference of the substantive scope of the making available right among countries.

Perhaps the current situation looks like the Japanese proverb "Dôshô-imu" (同床異夢) that means "different dreams on the one same bed".[37]

The umbrella solution has the positive aspect of making it possible to accomplish a realistic harmonization beyond countries. However, the possible differences of the substantive scope of the making available right might cause the

[34] Supreme Court, 18 January 2011, 65-1 Minshû 121 [*Maneki TV Case*].
[35] IP High Court, 31 January 2012, 2142 Hanrei Jihô 96.
[36] Tokyo District Court, 25 May 2007, 1979 Hanrei Jihô 100 [*Myuta Case*].
[37] The proverb is used, for instance; "although the two political parties made a coalition government, they have different objectives on the inside."

problems in the “cloud” businesses, since they are often carried out beyond national boundaries, even if the national laws fulfill the obligations imposed by the Treaties.

In my view, even the “cloud” developments do not require any revision of the WIPO Treaties, but it would be desirable to carefully review the interpretation of the provisions of the Treaties, in particular the “making available” as well as the “public”, and the substantive scope of the making available right implemented in national laws. That would be helpful both to facilitate the development of the future “cloud” businesses and to properly protect the interest of authors etc.

I believe that the role of ALAI as the international forum for discussions definitely becomes more and more important to promote such international discussions beyond the countries.

Court cases in Japan[38]

1. Space-shifting service – Maneki TV Case[39] [40]

a) Facts

The appellee (the defendant in the first instance) is the provider of a space-shifting service for TV programs called "Maneki TV", which functions by using a product called "LocationFree".

LocationFree, which was sold by SONY, mainly consists of a device called the "Base Station" that incorporates a TV tuner, and digitalises broadcast TV programs upon a user's request, automatically transmitting the TV programs via the Internet. A user of LocationFree can enjoy TV programs broadcast in the area where the Base Station is installed, by accessing the Base Station via a PC connected to the Internet, independent of the location of the user.

Therefore, if a user sets up the Base Station at home in Japan beforehand, he/she can enjoy TV programs broadcast in Japan. Accordingly, the LocationFree enables Japanese nationals living abroad to enjoy TV programs broadcast in Japan via the Internet.

The appellee provides a service of hosting the Base Station owned by users. A user sends his/her Base Station to the appellee and the appellee installs the Base Station at its office, and connects the Base Station to a TV antenna and the Internet. The service costs 31,500 yen for admission and 5,040 yen per month.

The appellants, broadcasting organisations, asserted that the service provided by the appellee had infringed the right of making transmittable (Art. 99*bis* JCA) and the right of public transmission (Art. 23(1) JCA) and sought an injunction against and damages from the appellee.

The Tokyo District Court, on 20 June 2008, and the IP High Court, on 15 December 2008, dismissed the appellants' claim, holding that the appellee had not infringed the right of making transmittable on the grounds that the Base Sta-

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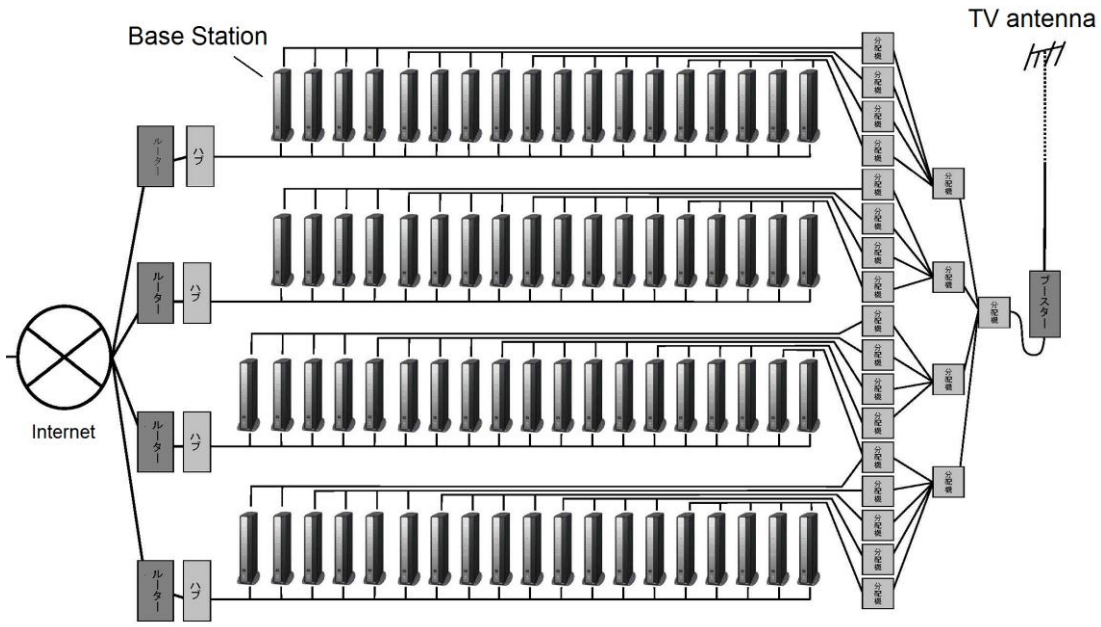
[38] *See also* Tatsuhiro Ueno, Consumers, Facilitators and Intermediaries - Infringers or Innocent Bystanders? : The Position in Japan, in: Christopher Heath / Anselm Kamperman Sanders (ed.) Consumers, Facilitators, and Intermediaries - IP Infringers or Innocent Bystanders?, (*forthcoming*).

[39] Supreme Court, 18 January 2011, 65-1 Minshû 121, Case No.653 (ju) of 2009 – NHK (Japan Broadcasting Corporation), et al. v. Nagano Shôten Co. Ltd.

[40] *See also* Tatsuhiro Ueno, Re-Broadcasting of TV Programmes - Public Transmission, in: M. Bälz, M. Dernauer, C. Heath, A. Petersen-Padberg (ed.) Business Law in Japan : Cases and comments, Writings in Honour of Herald Baum, (Kluwer, 2012), p.491.

tion had the function of transmitting information only to a sole corresponding device that had already been set up, and could not be regarded as an "automatic public transmission server" (Art. 2(1)(ix)*quinquies*(a) JCA).[41]

The appellants appealed to the Supreme Court. The Supreme Court quashed the decision of the IP High Court and remanded the case to the IP High Court, holding as follows. Based on the decisions of the Supreme Court, the IP High Court upheld the appellants' claim for injunction and damages on 31 January 2012.[42]



b) Findings

The purpose of introducing the right of making transmittable into the Japanese Copyright Act is to cover an act in the preliminary stage prior to an actual automatic public transmission. From this point of view, it must be considered that any device which has the function of automatically transmitting information fed in upon a user's request when the device is connected to the internet, is regarded as an automatic public transmission server (Art. 2(1)(ix)*quinquies*(a) JCA) in cases in which the transmission using the device is considered to be an automatic public transmission, even though the device has the function of transmitting information only to a sole corresponding device that has already been set up.

[41] A translation of the decision of the IP High Court is available at http://www.ip.courts.go.jp/hanrei/pdf/20100317215516.pdf.

[42] IP High Court, 31 January 2012, 2142 Hanrei Jihô 96.

And it is reasonable to consider that the agent of an automatic public transmission is the person who creates a situation in which information can be automatically transmitted from the device upon a receiver's request. In cases in which a device is connected to the internet and information is continuously fed in, it is reasonable to consider that the agent of a transmission is regarded as the person feeding information into the device.

In this case, the Base Station, which is connected to the Internet, has the function of automatically digitalising and transmitting information fed in upon a receiver's request. The service at issue connects the Base Station to the Internet, and information is continuously fed into the Base Station. The appellee connects the Base Station with a TV antenna managed by the appellee, sets it up so that the TV programs captured by the TV antenna are continuously fed into the Base Station, and installs and manages the Base Station at its office. Therefore, it is reasonable to consider that the appellee is the person feeding the broadcast TV programs into the Base Station and the agent conducting the transmission through use of the Base Station, even though the user owns the Base Station.

This transmission using the Base Station must be regarded as an automatic public transmission, and the Base Station is regarded as an automatic public transmission server, since any person can become a user of the service by entering into a service contract with the appellee, regardless of any relationship with the appellee, and the user of the service is regarded as an unspecified person from the appellee's perspective and is therefore regarded as the public (Art. 2(5) JCA).

Accordingly, the decision under appeal must be reversed and this case shall be remanded to the original court for further examinations.

2. Personal online video recorder – Rokuraku II Case[43] [44]

a) Facts

The appellee is the provider of a time- and space-shifting service for TV programs functioning by way of a hard-disc recorder with the function of Internet communication, called "Rokuraku II".

Rokuraku II, which is manufactured and sold or lent by the

[43] Supreme Court, 20 January 2011, 65-1 Minshû 399, Case No.788 (ju) of 2009 – NHK (Japan Broadcasting Corporation), et al. v. Nihon Digital Kaden Co. Ltd., IIC 2012,236 (with the comment by Tatsuhiro Ueno).

[44] *See also* Tatsuhiro Ueno, Time- and Space-Shifting Broadcast - Right of Reproduction, in: M. Bälz, M. Dernauer, C. Heath, A. Petersen-Padberg (ed.) Business Law in Japan : Cases and comments, Writings in Honour of Herald Baum, (Kluwer, 2012), p.485; Tatsuhiro Ueno, The judgment of the Supreme Court on 20 January 2011 - "Rokuraku II", IIC 2012,236.

appellee, consists of two devices; the “Parent Rokuraku” and the “Subsidiary Rokuraku”. The Parent Rokuraku incorporates a TV tuner and has the function of digitalising and recording broadcast TV programs, and of transmitting the recorded TV programs via the Internet. The Subsidiary Rokuraku has the function of instructing the Parent Rokuraku via the Internet to record broadcast TV Programs and to receive the recorded TV programs from the Parent Rokuraku for replay.

The appellee rents the Parent Rokuraku and the Subsidiary Rokuraku, or sells the Subsidiary Rokuraku and rents only the Parent Rokuraku. A user of the service can enjoy TV programs broadcast in the area where the Parent Rokuraku is installed by accessing the Parent Rokuraku via the Internet, at any given location. Accordingly, the service enables even a user living abroad to enjoy TV programs broadcast in Japan via the Internet. The service costs 3,150 yen[45] for initial registration and between 6,825 yen and 8,925 yen in monthly rent.

The appellants, broadcasting organisations, asserted that the service provided by the appellee infringed the right of reproduction (Arts. 21 and 98 JCA), and sought an injunction and damages against the appellee.

The appellee maintained that the person who reproduces the TV Programs is not the appellee but the user of the service, who lawfully reproduces them for private use.

The Tokyo District Court on 28 May 2008[46] upheld the appellants’ (plaintiffs’) claim, holding that the person reproducing the TV Programs had indeed been the appellee (defendant), based on the so-called “Karaoke doctrine” in taking into account the appellee’s management and control, as well as the business profits.

On the other hand, the IP High Court upheld the appeal and dismissed the appellants’ claim on 27 January 2009, holding that the act of reproduction of TV programs should be attributed to the user on the grounds that the appellee merely provides means or circumstances where the user can easily reproduce TV programs, even if the Parent Rokuraku is installed at a site managed and controlled by the appellee.[47] [48]

The appellants appealed to the Supreme Court. The Supreme Court quashed the decision of the IP High Court and remanded the case to the IP High Court, holding as follows. Based on the decisions of the Supreme Court,

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[45] 100 Japanese Yen ≒1 Euro.

[46] Tokyo District Court, 28 May 2008, 2029 Hanrei Jihô 125.

[47] IP High Court, 27 January 2009, Case No.10055 and 10069 (ne) of 2008, IIC 2010,860 (with the comment by Hiroaki Kikuchi).

[48] *See also* Kazuo Ohtake, Two IPHC decisions on the infringement of neighbouring rights, 2-4 Asia Law Japan Review 18 (2007).

the IP High Court upheld the appellants' claim for injunction and damages on 31 January 2012.[49]

b) Findings

It is reasonable to conclude that the person providing the service that enables a user to obtain a reproduction of broadcast TV Programs is regarded as the person having made the reproduction, in cases in which the service provider feeds broadcasts captured by a TV antenna into a reproduction device, and where the broadcast TV Programs are automatically reproduced upon the user's request to the device, and where such scheme is provided as a service under the service provider's management and control, even if the user operates the recording.

The reasons are the following. It is reasonable to determine the person reproducing by taking into account various factors, such as the object and the method of the reproduction, as well as the details and the extent of the involvement in the reproduction.

In the case at issue, the service provider not only provides mere circumstances that facilitate the reproduction. The service provider also conducts, under its management and control, the acts of receiving broadcasts and feeding broadcast TV programs into the reproduction device, which acts are decisive in realising the reproduction of the broadcast TV programs by using the reproduction device. It is completely impossible for the user of the service to reproduce the broadcast TV programs unless the service provider conducts the above-mentioned acts. Therefore, it is sufficient to regard the service provider as the agent of the reproduction.

Accordingly, the decision under appeal must be reversed, since it did not examine the management circumstances of the service with respect to the Parent Rokuraku and dismissed the appellants' claim on the grounds that the appellee could not be regarded as the agent of the reproduction of the broadcast TV programs, even if the Parent Rokuraku was installed at a site managed and controlled by the appellee. This case shall be remanded to the original court for further examination with respect to the management circumstances of the device.

3. Online storage service – Myuta Case[50]

a) Facts

[49] IP High Court, 31 January 2012, 2141 Hanrei Jihô 117.
[50] Tokyo District Court, 25 May 2007, 1979 Hanrei Jihô 100 [*Myuta Case*].

The plaintiff was preparing to provide an online storage service with which a user could listen to music recorded on his/her own CDs by way of his/her cellular telephone. The plaintiff provided the software, named “Music Uploader”. By using the software, a user could transform music files to 3G2 files in his/her PC, upload an online storage server operated by the plaintiff, and download the files to his/her cellular telephones at any time.

The plaintiff filed a lawsuit against the defendant (JASRAC) for declaratory judgment of absence of copyright infringement in order to confirm the legality of the service

b) Findings

The Court dismissed the claim, holding that the online storage service by the plaintiff was considered to fall under an infringement of the right of reproduction and the right of public transmission on the grounds that the plaintiff was regarded as the agent of the reproduction and public transmission, taking into account the facts that (1) the reproduction of music files onto the server was an essential process in the service, (2) the server, which plays an important role in the service, was owned and managed by the plaintiff, (3) the plaintiff provided the software essential for using the service, (4) the whole system of the service had been designed by the plaintiff, (5) it would be quite difficult for an individual user to listen to music recorded on his/her own CDs by way of his/her cellular telephone without the support of the service, and (6) the reproduction is mainly carried out in the server under the plaintiff’s management.

4. Personal online video recorder – Rokuga-net Case[51]

a) Facts

The defendant is a provider of a space- and time-shifting service for TV programs called the “Rokuga net” by using a PC with a TV tuner.

The defendant provides a service of hosting PCs owned by users. The defendant installs the PCs, which are allocated to each user, at its office, and connects the PCs to a TV antenna and the Internet. The user can record and enjoy TV programs broadcast in the area in which the PC is installed, by accessing the PC via the Internet, independent of the location of the user. Accordingly, the

[51] IP High Court, 15 November 2005, Case No.10007 (ra) of 2005 [*Rokuga-Net Case*].

service enables Japanese nationals living abroad to enjoy TV programs broadcast in Japan via the Internet.

The plaintiff, a broadcasting organisation (NHK), filed a provisional disposition seeking an injunction.

b) Findings

The Court upheld the plaintiff's claim, holding that the defendant is the agent of the reproduction of the plaintiff's broadcasts on the grounds that the defendant manages the reproduction of broadcasts and gains business profit by receiving maintenance fee from the users, taking into account that (1) the service aims only to enable a user living abroad to enjoy the reproduction of TV programs broadcast in Japan, (2) the defendant owns and manages the whole system containing a substantial amount of equipment installed at its office, (3) TV programs that a user of the service can record are designated by the defendant and (4) the defendant authenticates the user accounts and provides a continuous support service for those users.

5. Shared video recorder – Yoridori Midori Case[52]

a) Facts

The defendant sells a hard disk video recording system (named "Yoridori Midori") designed for a condominium apartment. The defendant installs a data server with a TV tuner at a shared place in a condominium apartme nt and connects the data server to each viewer which is installed in each user's (resident's) room. The data server can record and store all of the TV programs captured by the TV tuner for a week at most. The users (residents) can enjoy any TV programs recorded in this process at any time, using the viewer.

The plaintiffs (broadcasting organisations) filed a lawsuit seeking an injunction against the defendant.

b) Findings

The Court upheld the plaintiffs' claim, holding as follows.

Even if a person cannot be regarded as the agent of reproduction and public transmission in a physical sense, such a person can be considered the agent of reproduction and public transmission in a normative sense, by taking into consideration certain factors, including the person's management and control, as well as the business profits obtained thereby.

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[52] Osaka High Court, 14 June 2007, 1991 Hanrei Jihô 122 [*Yoridori Midori Case*].

It is true that the defendant does not reproduce TV Programs in a physical sense. But the defendant technically controls and designates the process of the users' reproduction (an infringement of copyright) through the system, even after having sold them the system. Moreover, the defendant continuously assists in the users' illegal reproduction by providing a support service and the EPG (Electric Program Guide) data to users and the defendant gains business profit from the support service. Therefore, the defendant is considered to be the infringer of copyrights.

Some provisions of the Japanese Copyright Act[53]

(Definitions)

Art. 2(1)(vii)*bis* ~ (ix)*quinquies*

In this Act, the meanings of the terms listed in the following items shall be as prescribed respectively in those items:

(vii)*bis* "public transmission" means the transmission, by wireless communications or wire-telecommunications, intended for direct reception by the public; excluding, however, transmissions (other than transmissions of a computer program work) by telecommunication facilities, one part of which is located on the same premises where all remaining parts are located or, if the premises are occupied by two or more persons, all parts of which are located within the area (within such premises) occupied by the same person(s);

(viii) "broadcast" means the form of public transmission involving a transmission transmitted by wireless communication intended for simultaneous reception of identical content by the public;

(ix) "broadcasting organizations" means persons who engage in the broadcasting business;

(ix)*bis* "wire-broadcast" means the form of public transmission involving a transmission transmitted by wire-telecommunication intended for simultaneous reception of identical content by the public;

(ix)*ter* "wire-broadcasting organizations" means persons who engage in the wire-broadcasting business;

(ix)*quater* "automatic public transmission" means the form of public transmission which occurs automatically in response to a request from the public, excluding, however, public transmissions falling within the term "broadcast" or "wire-broadcast";

(ix)*quinquies* "to make transmittable" means making an automatic public transmission possible by any of the acts set out below:

(a) to record information on public transmission recording medium of an automatic public transmission server already connected with a telecommunications line that is provided for use by the public; to add to such an automatic public transmission server, as a public transmission recording medium thereof, a recording medium which stores information; to convert a recording medium that stores information into a public transmission recording medium of such an automatic public transmission server; or to input information into such an automatic public transmission server. For the purpose of this item (ix)-5, "automatic public transmission server" means a device which, when connected with a tele-

[53] Available at <http://www.japaneselawtranslation.go.jp/law/detail/?id=1980&vm=02&re=02&new=1>.

communications line provided for use by the public, functions to perform automatic public transmission of information which is either recorded on the public transmission recording medium of the transmission recording medium of such device or is inputted into such automatic public transmission server; and in this item (ix)*quinquies* and below, "public transmission recording medium" means such part of the recording medium of an automatic public transmission server as is provided for automatic public transmission use.

(b) to connect with a telecommunications line that is provided for use by the public, an automatic public transmission server the public transmission recording medium of which stores information or into which information has been inputted. For the purpose of this provision, if connection with a telecommunications line that is offered for use by the public is made through a series of acts, such as wiring, starting of the automatic public transmission server and putting into operation computer programs for transmission or reception the last to occur of such series of acts shall be considered to constitute the act of connection.

(Definitions)

Art. 2(5)

As used in this Act, "the public" includes a large number of specified persons.

(Rights of public transmission, etc.)

Art. 23

(1) The author shall have the exclusive right to effect a public transmission of his work (including, in the case of automatic public transmission, making his work transmittable).

(2) The author shall have the exclusive right to communicate publicly any work of his which has been publicly transmitted, by means of a receiving apparatus receiving such public transmission.

(Right to broadcast and right to wire-broadcast)

Art. 92

(1) The performer shall have the exclusive rights to broadcast and to wire-broadcast his performance.

(2) The provisions of the preceding paragraph shall not apply in the following cases:

(i) in the case of a wire-broadcast of a broadcasted performance;

(ii) in the case of a broadcast or a wire-broadcast of the following performances:

(a) sound or visually recorded performances made with the authorization of the person entitled to the right provided for in paragraph (1) of the preceding Article;

(b) sound or visually recorded performances provided for in paragraph (2) of the preceding Article, excluding, however, the sound recordings provided for in said paragraph.

(Right to make transmittable)

Art. 92*bis*

(1) The performer shall have the exclusive right to make his performance transmittable.

(2) The provisions of the preceding paragraph shall not apply to the following performances:

(i) visually recorded performances made with the authorization of the person entitled to the right provided for in Article 91, paragraph (1);

(ii) sound or visually recorded performances provided for in Article 91, paragraph (2), excluding, however, the sound recordings provided for in said paragraph.

(Secondary use of commercial phonograms)

Art. 95(1)

(1) When a broadcasting organization or wire-broadcasting organization (below in this Article and in Article 97, paragraph (1) referred to as "broadcasting organization, etc.") broadcasts or wire-broadcasts using commercial phonograms incorporating a sound recording of the [subject] performance, which sound recording has been made with the authorization of the person entitled to the right as provided for in Article 91, paragraph (1) (excluding when for non-profit-making purposes and if no fees are charged to the audience or spectators and the wire-broadcasts is made simultaneously with reception of such broadcasts), it shall pay secondary use fees to the performer of said performance (only, however, to the extent of the duration of the neighboring rights for performances provided for in Article 7, items (i) to (vi); the same shall apply in the next paragraph through paragraph (4)).

(Right to make transmittable)

Art. 96*bis*

The producer of a phonogram shall have the exclusive right to make his phonogram transmittable.

(Secondary use of commercial phonograms)

Art. 97(1)

(1) When a broadcasting organization, etc. broadcasts or wire-broadcasts using a commercial phonogram (excluding when for non-profit-making purposes and if no fees are charged to the audience or spectators ("fees" includes consideration of any kind whatsoever received for the making available of the sounds from phonograms) and the wire-broadcast is made simultaneously with reception of such broadcast), it shall pay secondary use fees to the producer of said phonogram (to the extent that said phonogram falls under any of items (i) to (iv) of Article 8 and to the extent that the duration of the neighboring rights therein has yet to expire) which has been so broadcasted or wire-broadcasted.

(Right to make transmittable)

Art. 99*bis*

The broadcasting organization shall have the exclusive right to make transmittable its broadcasts following reception thereof or of wire-broadcasts made following reception of said broadcasts.

(Right to make transmittable)

Art. 100*quater*

A wire-broadcasting organization shall have the exclusive right to make its wire-broadcasts transmittable following reception of such wire-broadcasts.