

***Subito* and Beyond: New Challenges for Library Document Delivery in Europe ?**

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1. Introduction

The interlibrary loan service has a long and commendable history, based on the idea that documents should be accessible to a patron independent from the latter's location. However, when interlibrary loan started developing into the supply of a surrogate copy (a photocopy) of the requested document, it met fierce opposition from publishers, who were fearing substantial loss of their revenue. The introduction of electronic document delivery greatly increased these concerns, in particular with regard to articles published in scientific and technical journals. In fact, publishers consider that the possibility of patrons obtaining copies of articles at almost the same speed as if they were available by subscription to an electronic journal would give libraries even more reason to cancel subscriptions, thus affecting the normal exploitation of works and the legitimate interests of rights holders. Libraries, on the other hand, tend to see electronic document delivery as a natural development of the interlibrary loan service. Librarians want to be able to offer a document delivery service that meets their patrons increased information needs and expectations of quick delivery of the requested materials.

From a legal point of view, electronic document delivery involves an array of complex copyright issues, many of which have been raised in a recent case involving Subito, a German library document delivery service of the main German libraries, as well as two Austrian and

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one Swiss library, and which is funded by the German Government. The Börsenverein (Association of German Book Traders), and the International Association of Scientific, Technical and Medical Publishers have taken legal action against Subito, in particular questioning the compliance of its electronic document delivery services with German copyright law (UrhG in the following) and the Directive 2001/29/EC on the harmonisation of certain aspects of copyright and related rights in the information society. Last December, a Munich court rendered the first ruling on this matter, promptly appealed by both parties. Moreover, the German legislator is currently considering a highly controversial new copyright provision on electronic document delivery, with a major potential impact on Subito's and other library document delivery services. Parallel to this, licensing practices for electronic journals could provide for additional challenges to this traditional library service. In fact, a significant number of scientific publishers have endorsed licensing policies that put constraints to the array of document delivery services that libraries can offer.

In this paper we will first outline the position taken by the Munich Court in its recent judgement² and then we will briefly deal with the provision of so-called "Document Delivery clauses" in licences for electronic journals.

2. The Subito ruling by the Landgericht Munich

The case involving Subito offers German courts the second occasion in a relatively short time to deal with the issue of document delivery under national copyright law. The previous dispute concerned the document delivery service rendered by the TIB Hannover, the German National Library of Science and Technology. On behalf of users, the TIB made and sent copies to them by way of mail and fax. In 1999 the German Federal Supreme Court had issued a judgement stating that document delivery as practiced by the TIB was covered by an exception to the exclusive right of the copyright holder, but that, in application of the Berne Convention three-step test³, royalties for the copies had to be paid to the publishers. Following that ruling, a General Agreement on Copy Transmission between the Conference of State Ministers for Culture and the collecting society VG Wort was implemented.⁴

² For further analysis on electronic document delivery services in light of the Directive 2001/29 see S. Vezzoso, Document delivery e invio elettronico: profili comunitari alla luce del caso "Subito", in *Diritto d'autore e nuove tecnologie*—DANTE, 2005, n. 1, pp. 7-33.

³ According to which exceptions and limitations to the rightholder's exclusive right shall only be applied to certain specific cases and shall not be interpreted in such a way as to allow their application to be used in a manner which unreasonably prejudices the rightholders' legitimate interests or conflicts with normal exploitation of their works or other subject matter.

⁴ Based on this agreement, user groups were defined (academic users, private persons, commercial users) and

However, at the end of 2002 that agreement was not renewed and proceedings before the Arbitration Board of the German Patent and Trade Mark Office are still pending.

As already mentioned, the new legal round specifically involves the electronic delivery operated by Subito, a document delivery project launched in Germany in 1994 with the support of the German Federal Ministry of Education and Science as well as the Federal States. As part of its public service, Subito delivers copies of journal articles directly to the requesting users and enables online research and ordering. The articles are scanned by one of the member libraries and, in return for a fee, are transmitted to the user, normally by way of e-mail⁵, "active FTP"⁶ or "passive FTP"⁷. In addition, in 2002 Subito started a "library service", whereby it makes copies of works available for its member libraries and other libraries, both national and foreign. These copies are also mainly sent by fax and email.⁸

The main legal issues of the Subito case concern the interpretation of Section 53(1) UrhG authorising certain specific acts that would otherwise fall under the Author's exclusive rights. More specifically, the question is whether, concerning both end-users and libraries, Subito's document delivery activities were specifically covered by such exception provision or otherwise justified under copyright law. Additionally, insofar as deliveries to end-users and libraries abroad are concerned, the relevant copyright law provisions of the recipient's country may also be relevant in order to assess the legitimacy of Subito's document delivery practices.

The Landgericht Munich (LG Munich in the following) delivered its much awaited judgement on 15 December 2005. The Munich Court stated that Subito's delivery of copies by e-mail, active FTP, and passive FTP to end-users in Germany who can invoke a privileged position under Section 53 UrhG⁹ does not infringe German copyright law even without the consent of the copyright owner, and this under the wording of Section 53 UrhG both before and after the first implementation of Directive 2001/29. Thus, the reproductions made by Subito in Germany before the first implementation were justified under the old version of Section 53 Para 2 No. 4 a of the UrhG which stated that it is permissible to generate individual

rates were agreed for each group. Fees were collected by VG Wort and distributed to the Reproduction Rights Organisations (both for German and international publishers).

⁵ The customer receives the scanned text as an attachment.

⁶ In this case, the file of the requested document is placed on the customer's FTP server.

⁷ The requested text is placed on a special FTP server and the customer then receives an e-mail with a link to the web page on the FTP server where the text is available for retrieval several days.

⁸ According to the previous General Agreement on Copy Transmission, the service rendered to other libraries was royalty free, because it was viewed as an interlibrary loan system.

⁹ More exactly, § 53 Para. 2 Sentence 1 No. 4a UrhG (after amendment).

reproductions of a work or to have them generated for “other” personal use if it is limited to small portions of a published work or to individual contributions that appeared in newspapers or magazines/journals. The LG Munich supports the view that the concept of “other personal use” should subsume all conceivable purposes by the end-user as well as all means to produce the copy (analog and digital) with the exception of redistribution to third parties.

The legitimacy of the delivery of reproductions to end-users by mail and telefax without consent of the rightholder had already been affirmed by the German Supreme Court in the *Kopienversanddienst*¹⁰ case. In this judgement delivered on 25 February 1999, the Court confirmed that a public library that generates reproductions of individual magazine/journal articles based on individual requests in order to deliver them to the ordering party by mail and fax does not violate the reproduction right, if the ordering party can invoke a privileged position under Section 53 of the UrhG. The Court also stated that the electronic transfer of fax transmission – from the fax machine of the copy delivery service to the receiving machine of the ordering party – was a purely intangible act of transfer that did not fall under the Author's exclusive rights. Hence, delivery of a copy by mail or fax to the ordering party did not encroach upon the publishers' exclusive right of distribution. Moreover, the German Supreme Court considered that a library which sent copies of analog material upon request to private users was allowed not only to open up its inventory and facilitate access by an automated catalogue system but also to advertise its copy delivery service worldwide.

The German Supreme Court also held that the encroachment of the Author's right so permitted under Section 53 would be compatible with the Berne Convention three step test only if the rightholder received some form of remuneration, thus creating a new remuneration claim in analogy to the claim for remuneration for public lending and for the operating of copy machines, to be managed by a royalty-collecting society. The Court's stated reason for this entitlement for reasonable compensation was that the technical development already enabled document delivery services to enter into competition with the distribution of original journals.

After the implementation of the Directive 2001/29/EC, the wording of Section 53 UrhG has slightly changed. According to the new provision, it is still permissible to generate or to have individual reproductions of a work generated for “other personal use” (if it is a matter of small portions of a published work or individual contribution that appeared in newspapers or magazines/journals). The reproduction, however, should be made on paper or a similar

¹⁰ BGH, 25.2.1999 - IZR 118/96, GRUR 1999, 704

medium by means of a photomechanic process or another process with a similar result; otherwise, solely use by analog means should take place.

The Munich Court held in its judgement that whenever a copy of a document is scanned and sent to an end-user by way of e-mail or FTP, what the customer receives should be considered a copy allowing solely use by analog means, which as such is covered by Section 53 UrhG. Briefly, the Court's reasoning relies on the distinction between "graphic files" of documents enabling only analog uses, and electronic documents enabling digital uses. Thus, the Court argues that the scanned copy of the document delivered by Subito to the end-users by way of email, active FTP or passive FTP allows only for analog uses such as reading (on a screen) and print-out, whereas digital uses, e.g. full-text search and "cut-and-paste", are excluded. As already stated by the German Supreme Court in the *Kopienversanddienst* ruling, to the extent that the electronic delivery only functionally replaces the delivery to the individual end-user in a physical form, it is the (analog) content and not the (digital) medium that is relevant. In a nutshell, Section 53 applies as long as the document delivered *as such*¹¹ does not enable digital uses such as the search for individual text passages within the file or "cut-and-paste" operations.

The Munich Court's position, therefore, closely follows the *Kopienversanddienst* ruling of the German Supreme Court, in particular the reasoning that purely intangible acts of transfer do not fall under the Author's exclusive rights. If possibly, the clarification of the distinction between electronic files enabling digital uses and electronic files enabling only analog uses could possibly represent the specific contribution of the LG Munich's as regards the interpretation of Section 53(1) UrhG. However, it is almost undisputed that the media convergence brings markets that previously were clearly separate much nearer; therefore, the distinction between analog and digital uses could stand on rather thin ice.

At any rate, the Munich Court clearly shares Subito's position that the delivery to end-users by way of email, active FTP or passive FTP can be compared to the supply of an analogue copy covered by Section 53 UrhG, thereby not affecting the right holder's distribution right. The LG Munich, however, considers that deliveries to libraries are not covered by Section 53 UrhG. As recalled above, in 2002 Subito launched a Library Service, open to national and foreign libraries. In this case, the required document is sent directly to the ordering library

¹¹ Thus, the Munich Court considers even that the end-users might employ additional technical measures (e.g. a text recognition programme) enabling them digital uses of the delivered document. However, *without employment of those measures*, the possibility of use by an end-user remain limited.

against a fee; after receipt, it is the ordering library that hands over the physical copy to the end-user. According to the LG Munich, the Subito Library Service infringes upon the Author's reproduction and distribution rights and is not covered by Section 53 UrhG. In fact, the granting of privileges pursuant to Section 53 UrhG does not take effect if copies are delivered to another library and not directly to the end-users. In this case the texts are not ordered by the grantee of the privilege under Section 53 of the UrhG, but it is the requesting library which is, formally, the ordering party of the copies. On the other hand, according to the Munich Court, Subito's Library Service by mail and telefax would be justified under customary rights in analogy to Sections 17 and 27 UrhG. However, insofar as delivery by e-mail, active FTP, and passive FTP are new developments, the passage of time has not yet resulted in justification under customary rights.

Another relevant question addressed by the LG Munich concerns the applicable law in case the copies are made in Germany and delivered to ordering parties outside of Germany. The LG Munich has stated that under these circumstances the legal situation and the right of action are determined according to both German and foreign copyright law. In particular, the Court applies the so-called country of protection principle (*Schutzlandprinzip*), according to which the relevance under copyright law of cross-border acts is to be determined according to the respective national law that is applicable. Therefore, if e.g. a document is scanned in Germany and subsequently sent via e-mail from Germany to Italy, according to the Court, German copyright law is involved with respect to the act of reproduction (the scanning of the document), whereas both German and Italian copyright law may be invoked when the graphics file is sent to the foreign party. Thus, this would mean that if the reproduction and delivery of the copyright material were lawful in the country of origin, it could still be qualified as unlawful according to the copyright law of the country of reception. Since the substantive rules of foreign law were not adequately explained by the Parties, the Court decided that insofar as foreign law was concerned, the litigation was not yet ripe for decision.

But the actual legal debate on document delivery services has already acquired a more European dimension. By way of a complaint to the European Commission for the failure to comply with EU Community law, publishers have also sustained that Germany had wrongfully implemented Directive 2001/29. In a letter addressed to the publishers last January in response to their allegations, the Commission expressed the view that since Section 53(1) UrhG is not "in any way authorizing the electronic or digital transmission of copyright protected material", it did not intend to initiate infringement proceedings against Germany.¹²

However, according to the publishers' associations, the ruling by the LG Munich confirms that German national law is not consistent with the requirements of EU law. In fact, they claim that, following the Directive, Subito's activity would qualify as the exercise of the right of communication to the public. The key to the publishers' reasoning is that "...a graphic or image file is an intangible copy. Its dissemination is governed by the communication right and the making available right, not the exclusive rights (and limitations) relating to the analog world".¹³ Only a ruling restricting the scope of Section 53 UrhG so as to exclude electronic transmission (including fax transmission) would have been consistent with the requirements of the Directive. To that extent, also the *Kopienversanddienst* decision should have been considered at least partly overridden because of its inconsistency with the Directive.¹⁴

Both parties have already filed appeals proceeding to the LG Munich judgement and we can expect this case to go all the way up to the German Supreme Court. As far as library-to-library document delivery is concerned, the outcome of the decision can hardly please Subito because of the preclusion to send documents by way of electronic transmission. However, as regards electronic document delivery directly to end-users, it is for the publishers to be seriously concerned with the outcome of the Munich Court's ruling.

3. Document delivery and licences for electronic works

Recently, library document delivery services have been challenged in a different way and perhaps even more seriously than before national courts. Libraries increasingly license access to electronic works (electronic databases and journals) they previously acquired exclusively in analog form.¹⁵ This access is arranged under the terms of a binding contract negotiated between the publishers and the libraries. Licences for electronic works often contain provisions on library document delivery. It has been the rule for some time that many licensors of works in electronic form did not permit library document delivery from their digital materials. More recently, however, document delivery uses have been permitted under certain conditions that can refer, for example, to which type of requests can be processed, how they should be processed and how the requested copies can be delivered. Thus, for

¹³ Document downloadable from the website of the Börsenverein.

¹⁴ Id.

¹⁴ Therefore, according to the publishers, the Munich ruling would confirm that only by pursuing the matter under Article 226 EC Treaty the deficiencies of the German implementation of the Directive could be properly addressed.

¹⁵ New publications are mostly electronic, however at the present stage also the hardware copy is normally delivered.

example, Elsevier provides in its ScienceDirect licence that:

“The Licensor grants the Subscriber the right to use articles from the Subscribed Content in the case of ScienceDirect as source material for interlibrary loans subject to the following conditions:

- Subscriber acknowledges that interlibrary loan privileges are granted on an experimental basis
- The ILL request comes from an academic or other non-commercial, non-corporate research library located in the same country as Subscriber.
- The requested article is printed by Subscriber and mailed or faxed to the requesting library.
- Subscriber refrains from advertising its interlibrary loan capability with respect to ILL material, or from otherwise advertising or soliciting ILL requests”.

This means that according to the ScienceDirect licence, requests from abroad cannot be processed using ScienceDirect as source material ; it is also apparent that electronic transmission in the way practised within Subito Library Service would be excluded by the terms of the licence.¹⁶

A not only theoretical possibility, therefore, is that the contractual agreements on access to electronic works set aside copyright exceptions. Indeed, some view copyright limitations as default rules (not as imperative rules), to be applied when the producers, intermediaries and end users do not determine directly the conditions of use of protected material. Others fear, however, that without appropriate contractual boundaries, users may be forced to forego some of the privileges recognised by law, in order to gain access to protected material. Of course, it can be argued that at least some copyright restrictions are not merely default rules, and the question would then be if those based on the policy goal of promoting study and research should possibly qualify for any kind of special treatment.

At any rate, due to the lack of consensus on this rather difficult legal issue, it makes probably more sense to approach the problem pre-emptively by carefully negotiating DD clauses in licences for electronic works. For libraries, of course, this can be made individually or

¹⁶ The LibLicenseWeb site offers a link to the Interlibrary Loan Project, a database of ILL restrictions where the publishers input their information directly.

through their consortia. Models of DD clauses could also be suggested.¹⁷ Another possible solution could be for publishers and libraries to issue common guidelines on generally accepted document delivery practices, such as those negotiated in the seventies by the National Commission on New Technological Uses of Copyrighted Works ("CONTU") in the USA.¹⁸ Possibly, the agreement on some form of digital rights management (DRM) on various aspects of use of the content (e.g., number of copies that may be printed; whether the file can be copied on a whatever hardware the recipient wishes to; the access period, etc.) could help finding a broadly accepted solution on electronic document delivery.¹⁹ In fact, compared to control use by means of contract, DRM in the form of technical protection measures offer additional safety to publishers because of powerful anti-circumvention provisions. The current uncertainties characterizing the future of the scientific publishing sector, however, could still make those negotiations particularly difficult.²⁰

4. Conclusions

Following the Subito ruling by the LG Munich, electronic transmission to individual end-users is covered by Section 53 UrhG as long as the document enables only analog uses. This pronouncement reaffirms the main tenets of the *Kopienversanddienst* judgement of the German Supreme Court, which had also foreseen a remuneration in favour of the publishers following the so-called three step test. However, the Munich Court's position as regards library-to-library document delivery services is that they are not covered by Section 53 UrhG but by customary law, with the effect of hampering recourse to modern and more effective document delivery means.

It can hardly be disputed that electronic document delivery is going to become increasingly important, both for the publishers and for the libraries. At the present stage, however, it is very difficult to assess the true economic impact of the limited electronic document delivery activities of public libraries on the normal exploitation of protected works by publishers, and this uncertainty makes it also very hard to determine the proper form and scope of any

¹⁷ See for example the Liblicense site on lending practices.

¹⁸ Interestingly, it has been held that "suggestion of five" in the CONTU Guidelines has allowed libraries to track and assess user needs as expressed via document delivery before investing in a new journal.

¹⁹ If DRM systems appear hardly unavoidable for libraries wanting to continue to provide document delivery services in the digital age, the choice of the technical means to implement (e.g. open standards rather than proprietary ones) calls for careful consideration of users' present and, possibly, future needs.

²⁰ See extensively on the economic dynamics characterizing the scientific publishing sector the Study on the economic and technical evolution of the scientific publication markets in Europe, January 2006, under http://ec.europa.eu/research/science-society/pdfs/scientific-publication-study_en.pdf.

possible exception for public libraries in the digital environment.²¹ Of course, libraries understand the publishers' commercial interests but they wish to continue to serve their evolving users' needs. On the other side, legal uncertainties could refrain publishers from making additional investments, for example in innovative information technologies also to the benefit of end-users. In this respect, finding a solution accommodating the interests of both parties is not an easy task, and this probably is even more so because of uncertainties concerning the evolution of the scientific publishing sector.

²¹ Thus, any suggested solution is bound to be opposed by fierce criticism by all involved parties. This, for example, is exactly what is happening to the draft bill on the second part ("basket") of the implementation of Directive 2001/29 in Germany, stating that electronic document delivery by graphic file (thus, allowing only analog uses) is to be permitted *only in cases where* the corresponding publisher does not himself offer those items electronically. Otherwise only mail and fax deliveries would be permissible.