



Reports of Cases

JUDGMENT OF THE COURT (Fourth Chamber)

23 January 2014*

(Directive 2001/29/EC — Copyright and related rights in the information society — Concept of ‘technological measures’ — Protection device — Equipment and protected complementary products — Similar complementary devices, products or components from other undertakings — Exclusion of any interoperability between them — Scope of those technological measures — Relevance)

In Case C-355/12,

REQUEST for a preliminary ruling under Article 267 TFEU from the Tribunale di Milano (Italy), made by decision of 22 December 2011, received at the Court on 26 July 2012, in the proceedings

Nintendo Co. Ltd,

Nintendo of America Inc.,

Nintendo of Europe GmbH

v

PC Box Srl,

9Net Srl,

THE COURT (Fourth Chamber),

composed of L. Bay Larsen, President of the Chamber, K. Lenaerts, Vice-President of the Court, acting as Judge of the Fourth Chamber, M. Safjan (Rapporteur), J. Malenovský and A. Prechal, Judges,

Advocate General: E. Sharpston,

Registrar: A. Impellizzeri, Administrator,

having regard to the written procedure and further to the hearing on 30 May 2013,

after considering the observations submitted on behalf of:

— Nintendo Co. Ltd, Nintendo of America Inc. and Nintendo of Europe GmbH, by M. Howe, QC, L. Lane, Barrister, R. Black, C. Thomas and D. Nickless, Solicitors, and G. Mondini and G. Bonelli, avvocati,

— PC Box Srl, by S. Guerra, C. Benelli and S. Fattorini, avvocati,

* Language of the case: Italian.

— the Polish Government, by B. Majczyna and M. Szpunar, acting as Agents,
— the European Commission, by E. Montaguti and J. Samnadda, acting as Agents,
after hearing the Opinion of the Advocate General at the sitting on 19 September 2013,
gives the following

Judgment

- 1 The request for a preliminary ruling concerns the interpretation of Article 6 of Directive 2001/29/EC of the European Parliament and of the Council of 22 May 2001 on the harmonisation of certain aspects of copyright and related rights in the information society (OJ 2001 L 167, p. 10).
- 2 The request has been made in proceedings between, on the one hand, Nintendo Co. Ltd, Nintendo of America Inc. and Nintendo of Europe GmbH (collectively ‘the Nintendo undertakings’), and, on the other, PC Box Srl (‘PC Box’) and 9Net Srl (‘9Net’), concerning the sale, by PC Box, of ‘mod chips’ and of ‘game copies’ (‘PC Box equipment’) through the website managed by PC Box and hosted by 9Net.

Legal context

International law

- 3 In the words of Article 2(1) of the Convention for the Protection of Literary and Artistic Works, signed at Berne on 9 September 1886 (Paris Act of 24 July 1971), as amended on 28 September 1979 (‘the Berne Convention’):

‘The expression “literary and artistic works” shall include every production in the literary, scientific and artistic domain, whatever may be the mode or form of its expression ...’

European Union law

Directive 2001/29

- 4 Recitals 9 and 47 to 50 in the preamble to Directive 2001/29 state:

‘(9) Any harmonisation of copyright and related rights must take as a basis a high level of protection, since such rights are crucial to intellectual creation. ...’

...

(47) Technological development will allow rightholders to make use of technological measures designed to prevent or restrict acts not authorised by the rightholders of any copyright, rights related to copyright or the *sui generis* right in databases. The danger, however, exists that illegal activities might be carried out in order to enable or facilitate the circumvention of the technical protection provided by these measures. In order to avoid fragmented legal approaches that could potentially hinder the functioning of the internal market, there is a need to provide for harmonised legal protection against circumvention of effective technological measures and against provision of devices and products or services to this effect.

- (48) Such legal protection should be provided in respect of technological measures that effectively restrict acts not authorised by the rightholders of any copyright, rights related to copyright or the *sui generis* right in databases without, however, preventing the normal operation of electronic equipment and its technological development. Such legal protection implies no obligation to design devices, products, components or services to correspond to technological measures, so long as such device, product, component or service does not otherwise fall under the prohibition of Article 6. Such legal protection should respect proportionality and should not prohibit those devices or activities which have a commercially significant purpose or use other than to circumvent the technical protection. In particular, this protection should not hinder research into cryptography.
- (49) The legal protection of technological measures is without prejudice to the application of any national provisions which may prohibit the private possession of devices, products or components for the circumvention of technological measures.
- (50) Such a harmonised legal protection does not affect the specific provisions on protection provided for by [Directive 2009/24/EC of the European Parliament and of the Council of 23 April 2009 on the legal protection of computer programs (OJ 2009 L 111, p.16)]. In particular, it should not apply to the protection of technological measures used in connection with computer programs, which is exclusively addressed in that Directive. It should neither inhibit nor prevent the development or use of any means of circumventing a technological measure that is necessary to enable acts to be undertaken in accordance with the terms of Article 5(3) or Article 6 of Directive [2009/24]. Articles 5 and 6 of that Directive exclusively determine exceptions to the exclusive rights applicable to computer programs.'

5 Article 1 of Directive 2001/29 provides that:

'1. This Directive concerns the legal protection of copyright and related rights in the framework of the internal market, with particular emphasis on the information society.

2. Except in the cases referred to in Article 11, this Directive shall leave intact and shall in no way affect existing Community provisions relating to:

(a) the legal protection of computer programs;

...'

6 Article 6(1) to (3) of Directive 2004/113 provide that:

'1. Member States shall provide adequate legal protection against the circumvention of any effective technological measures, which the person concerned carries out in the knowledge, or with reasonable grounds to know, that he or she is pursuing that objective.

2. Member States shall provide adequate legal protection against the manufacture, import, distribution, sale, rental, advertisement for sale or rental, or possession for commercial purposes of devices, products or components or the provision of services which:

(a) are promoted, advertised or marketed for the purpose of circumvention of, or

(b) have only a limited commercially significant purpose or use other than to circumvent, or

(c) are primarily designed, produced, adapted or performed for the purpose of enabling or facilitating the circumvention of,

any effective technological measures.

3. For the purposes of this Directive, the expression “technological measures” means any technology, device or component that, in the normal course of its operation, is designed to prevent or restrict acts, in respect of works or other subject-matter, which are not authorised by the rightholder of any copyright or any right related to copyright as provided for by law or the *sui generis* right provided for in Chapter III of Directive 96/9/EC [of the European Parliament and of the Council of 11 March 1996 on the legal protection of databases (OJ 1996 L 77, p. 20)]. Technological measures shall be deemed “effective” where the use of a protected work or other subject-matter is controlled by the rightholders through application of an access control or protection process, such as encryption, scrambling or other transformation of the work or other subject-matter or a copy control mechanism, which achieves the protection objective.’

Directive 2009/24

7 Article 1(1) of Directive 2009/24 is worded as follows:

‘In accordance with the provisions of this Directive, Member States shall protect computer programs, by copyright, as literary works within the meaning of the Berne Convention for the Protection of Literary and Artistic Works. For the purposes of this Directive, the term “computer programs” shall include their preparatory design material.’

Italian law

8 Article 102c of Law No 633 on the protection of copyright and other rights relating to its exercise (legge n° 633 – Protezione del diritto d’autore e di altri diritti connessi al suo esercizio) of 22 April 1941 (GURI No 166 of 16 July 1941), as amended by Legislative Decree No 68, transposing directive 2001/29/EC of the European Parliament and of the Council of 22 May 2001 on the harmonisation of certain aspects of copyright and related rights in the information society (decreto legislativo n. 68 – Attuazione della direttiva 2001/29/CE sull’armonizzazione di taluni aspetti del diritto d’autore e dei diritti connessi nella società dell’informazione), of 9 April 2003 (Ordinary Supplement to GURI No 87, of 14 April 2003), provides that:

‘1. Rightholders of any copyright or of any related right as well as of the right under Article 102bis (3) [concerning databases], may apply to protected works or objects effective technological protection measures, including any technology, device or component that, in the normal course of its operation, is designed to prevent or restrict acts which are not authorised by the rightholders.

2. Technological protection measures shall be deemed effective where the use of the protected work or object is controlled by the rightholders through the application of an access control or protection process, such as encryption, scrambling or other transformation of the work or the protected work, or if that use is limited by a copy control mechanism which achieves the objective of protection.

3. The present article shall not affect the application of the provisions concerning computer programs referred to in Title 1, Chapter IV, Part VI.’

The dispute in the main proceedings and the questions referred for a preliminary ruling

9 The Nintendo undertakings, members of a group which creates and produces videogames, market two types of products for those games, namely portable systems, ‘DS’ consoles and fixed console videogame systems, ‘Wii’ consoles.

- 10 The Nintendo undertakings have adopted technological measures, namely a recognition system installed in the consoles, and the encrypted code of the physical housing system onto which the videogames which are protected by copyright are registered. Those measures have the effect of preventing the use of illegal copies of videogames. Games lacking a code cannot be launched on either of the two types of equipment marketed by the Nintendo undertakings.
- 11 It is also apparent from the order for reference that those technological measures prevent use on the consoles of programs, games and, generally, multimedia content not from Nintendo.
- 12 The Nintendo undertakings have observed the existence of PC Box equipment which, once installed on the console, circumvent the protection system present on the hardware and enable illegal use of videogames.
- 13 Considering that the principal purpose of the PC Box equipment was to circumvent and to avoid the technological protection measures of Nintendo games, the Nintendo undertakings brought proceedings against PC Box and 9Net before the Tribunale di Milano.
- 14 PC Box markets original Nintendo consoles together with additional software consisting of certain applications from independent manufacturers, 'homebrews' created specifically to be used in such consoles and the use of which requires the prior installation of PC Box equipment which deactivates the installed device which constitutes the technological protection measure.
- 15 In the opinion of PC Box, the actual purpose pursued by the Nintendo undertakings is to prevent use of independent software which does not constitute an illegal copy of videogames, but which is intended to enable MP3 files, movies and videos to be read on consoles, in order to fully use those consoles.
- 16 The referring court considers that the protection of videogames cannot be reduced to that provided for computer programs. Indeed, although videogames take their functionality from a computer program, they begin and progress following a narrated predetermined route by the authors of those games in a way to make a group of images and sounds appear together with some conceptual autonomy.
- 17 That court queries whether the implementation of technological protection measures such as those at issue in the main proceedings used by Nintendo exceeds what is provided for that purpose by Article 6 of Directive 2001/29, such as interpreted in the light of recital 48 in the preamble to that directive.
- 18 In those circumstances, the Tribunale di Milano decided to stay the proceedings and to refer the following questions to the Court of Justice for a preliminary ruling:
- (1) Must Article 6 of [Directive 2001/29] be interpreted, including in the light of recital 48 [thereof], as meaning that the protection of technological protection measures attaching to copyright-protected works or other subject matter may also extend to a system, produced and marketed by the same undertaking, in which a device is installed in the hardware which is capable of recognising on a separate housing mechanism containing the protected works (videogames produced by the same undertaking as well as by third parties, proprietors of the protected works) a recognition code, in the absence of which the works in question cannot be visualised or used in conjunction with that system, the equipment in question thus incorporating a system which is not interoperable with complementary equipment or products other than those of the undertaking which produces the system itself?
- (2) Should it be necessary to consider whether or not the use of a product or component whose purpose is to circumvent a technological protection measure predominates over other commercially important purposes or uses, may Article 6 of [Directive 2001/29] be interpreted, including in the light of recital 48 [thereof], as meaning that the national court must adopt criteria in assessing that question which give prominence to the particular intended use

attributed by the rightholder to the product in which the protected content is inserted or, in the alternative or in addition, criteria of a quantitative nature relating to the extent of the uses under comparison, or criteria of a qualitative nature, that is, relating to the nature and importance of the uses themselves?

Consideration of the questions referred

- 19 By its questions, which it is appropriate to examine together, the referring court asks, in essence, in the first place, whether Directive 2001/29 must be interpreted as meaning that the concept of an ‘effective technological measure’, for the purposes of Article 6(3) of that directive, is capable of covering technological measures comprising, principally, equipping not only the housing system containing the protected work, such as the videogame, with a recognition device in order to protect it against acts which are not authorised by the holder of any copyright, but also portable equipment or consoles intended to ensure access to those games and their use.
- 20 In the second place, that court asks the Court of Justice, in essence, according to which criteria the scope of legal protection against circumventing technological protection measures within the meaning of Article 6 of Directive 2001/29 should be assessed. In particular, that court seeks to ascertain in that regard whether, first, the particular intended use attributed by the rightholder to the product in which the protected content is inserted, such as the Nintendo consoles, and, second, the scope, the nature and the importance of the use of devices, products or components capable of circumventing those effective technological measures, such as PC Box equipment, are relevant.
- 21 In that regard, first of all it must be noted that Directive 2001/29 concerns, as is apparent *inter alia* from Article 1(1) thereof, the legal protection of copyright and related rights, including, for authors, exclusive rights to their works. As for works such as computer programs, they are protected by copyright provided that they are original, that is that they are their author’s own intellectual creation (see Case C-5/08 *Infopaq International* [2009] ECR I-6569, paragraph 35).
- 22 As regards the parts of a work, it should be borne in mind that there is nothing in Directive 2001/29 indicating that those parts are to be treated any differently from the work as a whole. It follows that they are protected by copyright since, as such, they share the originality of the whole work (see *Infopaq International*, paragraph 38).
- 23 That finding is not weakened by the fact that Directive 2009/24 constitutes a *lex specialis* in relation to Directive 2001/29 (see Case C-128/11 *UsedSoft* [2012] ECR, paragraph 56). In accordance with Article 1(1) thereof, the protection offered by Directive 2009/24 is limited to computer programs. As is apparent from the order for reference, videogames, such as those at issue in the main proceedings, constitute complex matter comprising not only a computer program but also graphic and sound elements, which, although encrypted in computer language, have a unique creative value which cannot be reduced to that encryption. In so far as the parts of a videogame, in this case, the graphic and sound elements, are part of its originality, they are protected, together with the entire work, by copyright in the context of the system established by Directive 2001/29.
- 24 As regards Article 6 of Directive 2001/29, it is important to note that it requires the Member States to provide adequate legal protection against the circumvention of any effective ‘technological measure’ which is defined, in paragraph 3, as any technology, device or component that, in the normal course of its operation, is designed to prevent or restrict acts, in respect of works or other subject-matter, which are not authorised by the rightholder of any copyright or any right related to copyright as provided for by law or the *sui generis* right provided for in Chapter III of Directive 96/9.

- 25 Those acts constitute, as is apparent from Articles 2 to 4 of Directive 2001/29, the reproduction, the communication to the public of works and making them available to the public, and the distribution of the original or copies of works. The legal protection referred to in Article 6 of that directive applies only in the light of protecting that rightholder against acts which require his authorisation.
- 26 In that regard, it must be stated, in the first place, that there is nothing in that directive to suggest that Article 6(3) thereof does not refer to technological measures such as those at issue in the main proceedings, which are partly incorporated in the physical housing systems of games and partly in consoles which requires interaction between them.
- 27 Indeed, as the Advocate General noted in point 43 of her Opinion, it is apparent from that provision that the concept of ‘effective technological measures’ is defined broadly and includes application of an access control or protection process, such as encryption, scrambling or other transformation of the work or other subject-matter or a copy control mechanism. Such a definition, moreover, complies with the principal objective of Directive 2001/29 which, as is apparent from recital 9 thereof, is to establish a high level of protection in favour, in particular, of authors, which is crucial to intellectual creation.
- 28 In those circumstances, it must be considered that technological measures such as those at issue in the case in the main proceedings, which are partly incorporated in the physical housing of videogames and partly in consoles and which require interaction between them, fall within the concept of ‘effective technological measures’ within the meaning of Article 6(3) of Directive 2001/29 if their objective is to prevent or to limit acts adversely affecting the rights of the holder protected by them.
- 29 In the second place, it is necessary to examine according to which criteria the scope of legal protection against circumventing technological protection measures within the meaning of Article 6 of Directive 2001/29 should be assessed.
- 30 As the Advocate General noted in points 53 to 63 of her Opinion, the examination of that question requires that account be taken of the fact that legal protection against acts not authorised by the rightholder of any copyright must respect the principle of proportionality, in accordance with Article 6(2) of Directive 2001/29, interpreted in the light of recital 48 thereof, and should not prohibit devices or activities which have a commercially significant purpose or use other than to circumvent the technical protection.
- 31 Accordingly, that legal protection is granted only with regard to technological measures which pursue the objective of preventing or eliminating, as regards works, acts not authorised by the rightholder of copyright referred to in paragraph 25 of the present judgment. Those measures must be suitable for achieving that objective and must not go beyond what is necessary for this purpose.
- 32 In those circumstances, it is necessary to examine whether other measures or measures which are not installed in consoles could have caused less interference with the activities of third parties not requiring authorisation by the rightholder of copyright or fewer limitations to those activities, while still providing comparable protection of that rightholder’s rights.
- 33 Accordingly, it is relevant to take account, *inter alia*, of the relative costs of different types of technological measures, of technological and practical aspects of their implementation, and of a comparison of the effectiveness of those different types of technological measures as regards the protection of rightholder’s rights, that effectiveness however not having to be absolute.

- 34 The assessment of the scope of the legal protection at issue would not have to be carried out, as the Advocate General noted at point 67 of her Opinion, by reference to the particular use of consoles, as envisaged by the copyright holder. It would, however, have to take account of the criteria laid down, as regards the devices, products or components capable of circumventing the protection of effective technological measures, in Article 6(2) of Directive 2001/29.
- 35 More specifically, that provision requires the Member States to provide adequate legal protection against those devices, products or components which have the purpose of circumventing that protection of effective technological measures which have only a limited commercially significant purpose or use other than to circumvent that protection, or are primarily designed, produced, adapted or performed for the purpose of enabling or facilitating that circumvention.
- 36 In that regard, with a view to examining the purpose of those devices, products or components, the evidence of actual use which is made of them by third parties will, in the light of the circumstances at issue, be particularly relevant. The referring court may, in particular, examine how often PC Box's devices are in fact used in order to allow unauthorised copies of Nintendo and Nintendo-licensed games to be used on Nintendo consoles and how often that equipment is used for purposes which do not infringe copyright in Nintendo and Nintendo-licensed games.
- 37 In the light of the foregoing, the answer to the questions referred is that Directive 2001/29 must be interpreted as meaning that the concept of an 'effective technological measure', for the purposes of Article 6(3) of that directive, is capable of covering technological measures comprising, principally, equipping not only the housing system containing the protected work, such as the videogame, with a recognition device in order to protect it against acts which are not authorised by the holder of any copyright, but also portable equipment or consoles intended to ensure access to those games and their use.
- 38 It is for the national court to determine whether other measures or measures which are not installed in consoles could cause less interference with the activities of third parties or limitations to those activities, while still providing comparable protection of the rightholder's rights. Accordingly, it is relevant to take account, inter alia, of the relative costs of different types of technological measures, of technological and practical aspects of their implementation, and of a comparison of the effectiveness of those different types of technological measures as regards the protection of the rightholder's rights, that effectiveness however not having to be absolute. That court must also examine the purpose of devices, products or components, which are capable of circumventing those technological measures. In that regard, the evidence of use which third parties actually make of them will, in the light of the circumstances at issue, be particularly relevant. The national court may, in particular, examine how often those devices, products or components are in fact used in disregard of copyright and how often they are used for purposes which do not infringe copyright.

Costs

- 39 Since these proceedings are, for the parties to the main proceedings, a step in the action pending before the national court, the decision on costs is a matter for that court. Costs incurred in submitting observations to the Court, other than the costs of those parties, are not recoverable.

On those grounds, the Court (Fourth Chamber) hereby rules:

Directive 2001/29/EC of the European Parliament and of the Council of 22 May 2001 on the harmonisation of certain aspects of copyright and related rights in the information society must be interpreted as meaning that the concept of an 'effective technological measure', for the purposes of Article 6(3) of that directive, is capable of covering technological measures comprising, principally, equipping not only the housing system containing the protected work,

such as the videogame, with a recognition device in order to protect it against acts not authorised by the holder of any copyright, but also portable equipment or consoles intended to ensure access to those games and their use.

It is for the national court to determine whether other measures or measures which are not installed in consoles could cause less interference with the activities of third parties or limitations to those activities, while still providing comparable protection of the rightholder's rights. Accordingly, it is relevant to take account, *inter alia*, of the relative costs of different types of technological measures, of technological and practical aspects of their implementation, and of a comparison of the effectiveness of those different types of technological measures as regards the protection of the rightholder's rights, that effectiveness however not having to be absolute. That court must also examine the purpose of devices, products or components, which are capable of circumventing those technological measures. In that regard, the evidence of use which third parties actually make of them will, in the light of the circumstances at issue, be particularly relevant. The national court may, in particular, examine how often those devices, products or components are in fact used in disregard of copyright and how often they are used for purposes which do not infringe copyright.

[Signatures]