

#### The Intellectual Property Office call for views on the European Commission's draft legislation to modernise the European copyright framework

DACS welcomes the opportunity to respond to this call for views on the European Commission's proposed 'copyright package' to modernise the copyright framework, and to have engaged with the Intellectual Property Office (IPO) through the British Copyright Council joint consultative meeting. We were very pleased to hear that the Government wants the UK to have the best copyright framework, which above all works for the creative industry.



#### **Executive Summary**

The UK arts and creative industries are a success story, generating substantial annual sums<sup>1</sup> from the proliferation of content. Whilst a number of industry bodies see a growth in audience or profits, it is frequently the case that the creators themselves do not share in the success of their own work. The proposals outlined by the European Commission aim to change this by recognising the inequality between creators and distributors, seeking to apply measures that protect the creators' ability to receive rightful remuneration.

DACS welcomes the proposals under the draft Copyright Directive put forward by the European Commission and DACS urges the Government to implement the proposals into UK law. However, the Government should also recognise instances where the UK copyright framework already achieves the aims of the Copyright Directive: for example, the mandatory exceptions are already sufficiently implemented into UK law, requiring no further expansion.

A major threat faced by creators is the lack of remuneration from the very sectors that are supposed to champion their work. Cultural institutions are exploiting exceptions beyond their intended use and applying them in tandem, which deprives creators of revenue. Routinely they are abusing their dominant position to impose unfair contracts on creators that take a wide range of rights and pay insufficiently for the privilege.

Creators today live in a culture where their rights are not valued: they have no control over their work as soon as they – or someone else – publishes it online, and for many they are compelled to hand over their rights and receive a small fee from commissioners because exposure is being touted as an alternative to payment. But exposure cannot sustain creativity. At the same time consumers are well-protected when making digital purchases, and so there is currently more protection given to those buying music and art online than to those making it.

DACS recommends that the Government applies an obligation on online platforms to seek authorisation from creators when publishing their work and to support the significant work of blockchain technology to facilitate proper remuneration online. DACS also recommends that the Government implements a robust version of a contracts adjustment mechanism that is unambiguous and preserves relations between creators and their contracting parties by providing access to an ombudsman service.

DACS' response to the call for views will focus on certain provisions of the proposed Directive on Copyright in the Digital Single Market that seek to address the imbalance affecting creators' rights. DACS is a member of the British Copyright Council and the Alliance for Intellectual Property, however this submission gives a particular insight to the challenges and opportunities for creators, rather than other rightsholders.

2

<sup>&</sup>lt;sup>1</sup> The Department of Culture Media and Sport: the creative industries are worth £84.1 billion a year: <a href="https://www.gov.uk/government/news/creative-industries-worth-almost-10-million-an-hour-to-economy">https://www.gov.uk/government/news/creative-industries-worth-almost-10-million-an-hour-to-economy</a>



#### **About DACS**

Established by artists for artists, DACS is a not-for-profit visual artists' rights management organisation. Passionate about transforming the financial landscape for visual artists through innovative new products and services, DACS acts as a trusted broker for 90,000 artists worldwide. Founded over 30 years ago, DACS is a flagship organisation that has and continues to campaign for artists' rights, championing their sustained and vital contribution to the creative economy. In its support of artists and their work, DACS collects and distributes royalties to visual artists and their estates through Artist's Resale Right, Copyright Licensing, Artimage, and Payback. More information can be found on the DACS website, in particular our latest annual review here.

#### For further information, please contact

Reema Selhi Legal and Policy Manager DACS T 020 7553 9063 reema.selhi@dacs.org.uk



## 1. Proposal for a Directive of the European Parliament and the Council on copyright in the Digital Single Market

DACS supports the new EU copyright reform proposals insofar as the proposals intend to strengthen the position of creators and secure fairer remuneration for them.

The UK's copyright regime has been reviewed and amended over the last decade to ensure it is fit for purpose in the digital age, where policy decisions have been evidence-led and have undergone vigorous debate and review. In addition, the changes have been benchmarked against the European *acquis communautaire*, which has resulted in a well-balanced legal framework that allows economic benefit from use of rights both on national and international level.

The current level of harmonisation between copyright in the UK and EU Member States has facilitated a reciprocity on which to secure licensing deals, leading to stable remuneration for rightsholders and allowing them control over how their works are used. Over the last three years, DACS has paid out over £6 million in licensing royalties to rightsholders of copyright in artistic works; however, this is only a proportion of the market in which DACS operates in, as many rightsholders undertake their own licensing and other bodies such as picture libraries also license artistic works. Reciprocity is a key feature of smooth and seamless licensing of rights, which is a vital revenue stream for artists. Any barriers to the current level of reciprocity will be detrimental to creators.

#### **Recommendation:**

 The European Union is an important market place for British creators and the copyright regime in the UK should support their access to that market. For these reasons, DACS considers the EU's Digital Single Market strategy to be vital and one that should be adequately reflected in UK legislation.

#### 1.1 General Points

#### 1.1.1 Exceptions

The European Commission proposes mandatory exceptions in the field of research, education and preserving cultural heritage. The UK copyright framework already has well-functioning exceptions in this area.

Visual authors depend on revenues flowing from cultural heritage institutions and establishments for research and teaching, amongst others. Other individuals, whether teaching staff, administrators or technical staff as well as those supplying goods and services to cultural, educational and research institutions receive regular remuneration. It is therefore more than justified that authors, whose works are being used to support the aims of those organisation, are also remunerated for the highly valuable content they contribute.

The UK exceptions are sufficiently wide and should avoid any further broadening of their scope. In particular, DACS notes that where the Directive proposes a wide exception, there is an accompanying mechanism for fair compensation to counteract any harm caused by the exception, such as in Article 4.4. Fair compensation systems are usually achieved through levies, which the UK government has traditionally rejected. DACS further considers the concept of 'remuneration for



harm caused' as an unjust reduction of the effectiveness of copyright because it removes the ability for the creator to choose whether or not the work is used.

A worrying, growing trend DACS has seen in practice for many years now is that cultural institutions, who claim to champion creativity, refuse to pay creators their due royalties by relying on exceptions for their use of copyright protected works. This spans museums' marketing campaigns using artistic works on banners claiming fair dealing exceptions, as well as hour long TV programmes focusing on one artist or a period of artistic creation including hundreds of reproductions of copyright protected works claiming a general application of the criticism and review exception.

Exceptions to copyright are intended to be used in certain limited circumstances to provide a balance between the exclusive rights and specific uses, but this is not how some users are applying them in practice. Institutions are practising 'exception jumping' – if an argument has found that one exception is not permissible, another exception is then applied. This leads to the institution trying to shoehorn all uses into exceptions to avoid taking licences and paying appropriate fees for their use of the works.

It is therefore important that exceptions are sufficiently limited and specific and that the default position of a robust copyright framework, where creators retain their exclusive rights, and a licence is put in place for use of the work on terms that they are satisfied with, is maintained.

The recent judgment at the Court of Justice of the European Union in case C-301/15 – Soulier and Doke, which ruled that an out-of-print scheme in France was not compatible with the exclusive right of the creator in Article 2 of the InfoSoc Directive 2001/29/EC upholds the principle that authors must be given the opportunity to authorise the use of their works. As such, the UK Government should also support the exclusive rights of creators and provide enough safeguards against the constant erosion of their rights.

#### 1.1.2 Press publishers' right

The new right for press publishers in Article 11 of the proposed Directive intends to prevent the decline of a free press by allowing a remuneration scheme for publishers. DACS recognises the important work publishers do particularly in disseminating creators' works and the good relationships many creators have with publishers. However, publishing contracts already ask for a wide range of rights from authors, be that through full assignments or far-reaching exclusive and non-exclusive licences. Additionally, UK publishers already regularly benefit from copyright in typographical arrangements. Therefore, it is important to ensure that this new right is proportionate and does not further upset the balance in favour of publishers against creators. If publishers' rights are strengthened further there should be an equivalent balance in favour of creators to prevent ongoing rights-grabbing. DACS addresses this point in more detail below in light of the Article 15 contract adjustment mechanism.

The aim of Article 11 is stated in recital 31 as preserving the free and pluralist press, which DACS very much supports. However, this should not mean that it is justified in achieving this aim that creators do not receive remuneration for their work, which is a result of a wide definition of press publishers in Article 2. The definition extends to general or special interest magazines, which is very wide ranging. As a result, visual artists whose works appear in special interest magazines and similar publications as their major source of income could risk seeing a significant cut in their remuneration should publishers benefit from a share.



#### Recommendations:

- The Government should continue to support licensing schemes that are used in place of an exception, such as some of the educational exceptions, i.e. section 35 CDPA.
- The Government should resist any widening of existing or introduction of new exceptions; prevent 'exception jumping' and seek to preserve the author's exclusive rights under Article 2 InfoSoc Directive.
- Caution should be exercised in enacting a press publishers' right to remuneration where there are other mechanisms available, as there is a high risk of negative impact on authors and visual artists whose works predominantly feature in these types of publications as they will be deprived of necessary remuneration.



## 2. Article 13: Certain uses of protected content by online services

DACS supports this proposal as it seeks to address the value gap for creators in disparity with the dominant position of online platforms. Whilst the use of technology to identify where creators' consent has been given is useful for purposes of clarity, it will not necessarily enable rightsholders to achieve remuneration for that use. Instead, a licensing scheme would go far in ensuring that the value of the use of the works is also realised, and not just the consent from the author. The Directive also recognises the difficult bargaining position of creators and their representatives in facilitating remuneration solutions with online platforms<sup>2</sup> and calls on governments in Article 13.3 to encourage dialogue and define best practices.

#### 2.1 Impact on creators

Reproductions of visual art works and photographs protected by copyright are disseminated widely through online platforms and social media sites without authorisation from or remuneration to the creators of the works. Platforms sell advertising against creators' content<sup>3</sup>, yet as a "mere conduit" under the E-Commerce Directive (2000/31/EC) they are absolved from liability to remunerate creators.

Creators are not in a position to keep their content off online platforms – their content may be published online by a user. Platforms such as YouTube have argued that this 'exposure' is beneficial to artists<sup>4</sup>, who want their work to be known and accessed by the public, thus substituting prior consent from the rightsholder. But these uses do not usually result in any kind of remuneration and undermine the exclusivity of the rights of the author under the InfoSoc Directive. Furthermore, making visual works available for free often impedes a creator from receiving any remuneration later on for future uses of their work, and as a result the work becomes devalued.

Artists often experience social media tools as helpful for promoting their work, but the key is for controlled exposure to prevent a situation where the exposure does more harm than good. The notion that all exposure is positive as a rule is a modern phenomenon being repeated across the publishing, broadcast, museum and gallery sectors. This is unsustainable. A creator cannot continue to practise their trade if they are not remunerated for it, which leads to a situation where creators have to rely on a portfolio of earnings (often nothing to do with the creation of works), whilst the public are deprived of choice and diversity of content.

DACS operates an enforcement service for its members who have granted exclusive rights to DACS and therefore DACS can enforce copyright violations on their behalf. This service commenced in 2006 in response to a rising number of members requesting help for enforcement. DACS has kept data on these cases since the inauguration of the service, and between then and 2016 DACS has dealt with 1,706 cases which included both online and physical infringements.

<sup>&</sup>lt;sup>2</sup> European Commission *Impact Assessment on the modernisation of EU copyright rules*, p.139: The Commission highlight evidence given by both non-profit collective management organisations and commercially successful, world-famous picture libraries, whose efforts to enter into licensing agreements with online platforms have been frustrated.

<sup>&</sup>lt;sup>3</sup> European Commission *Impact Assessment* reports that YouTube, which is valued at more than \$70 billion, reached revenues of \$9 billion in 2015 and that Pinterest was valued at £12 billion in 2015- p.138

<sup>&</sup>lt;sup>4</sup> YouTube's Christophe Muller in the Guardian, 28<sup>th</sup> April 2016:

 $<sup>\</sup>underline{\text{https://www.theguardian.com/music/musicblog/2016/apr/28/youtube-no-other-platform-gives-as-much-money-back-} \underline{\text{to-creators}}$ 



However, DACS has found that enforcing rights of visual artists in an online environment is increasingly difficult. Online platforms with a large audience and a strong presence are often unresponsive and it can be very hard to get a result for infringements on these sites. The sites are opaque and often there is no access to contact details of a person to communicate with.

As a representative body with the necessary legal knowledge and understanding, DACS experiences enforcement of rights in an online environment as difficult, and knows from experience that individuals trying to enforce their rights on their own often find the process much harder. Rightsholders in artistic works are usually individuals or small businesses with far fewer resources than publishers or record labels and they are often deterred from enforcing their rights through the costs and complexity.

#### 2.2 Artist's Resale Right

Online platforms are also being used to sell artworks through bidding or direct sales in a fast-growing market, and UK artists are missing out on remuneration they are owed through the Artist's Resale Right (ARR). In 2015 online art sales were worth \$3.27 billion globally, which is a growth of 24% from 2014<sup>5</sup>. Whilst ARR is adopted throughout the EU and across 81 countries worldwide, it has not yet been implemented on an international scale, therefore providing scope for online art marketplaces to set up in a jurisdiction<sup>6</sup> where ARR, and other taxes, do not apply and where UK artists would not receive any remuneration despite the huge turnovers being made online. UK laws that are set up to remunerate artists are being circumvented as companies can seek to rely on provisions such as the safe-harbour principle in the E-Commerce Directive to avoid liabilities.

#### 2.3 Recent developments

#### 2.3.1 Blockchain technology

Over the past year creators and start-ups have been looking to blockchain technology as a way of controlling the use of their work online<sup>7</sup>. This digital technology is being pioneered by musicians and visual artists as it can create an immutable database to record information about copyright ownership – it cannot be erased in the way metadata on an image file can be. This technology is already being used by companies such as Mycelia for music, Bigchain DB for visual images and many others.

DACS hosted a panel debate to explore how these technologies can impact visual artists and improve the way they create and sell their work<sup>8</sup>. DACS considers that the use of this technology

<sup>5</sup> Hiscox Online Art Trade Report 2016: <a href="https://www.hiscox.co.uk/online-art-trade-report/docs/hiscox-online-art-trade-report/docs/hiscox-online-art-trade-report-2016-v2.pdf">https://www.hiscox.co.uk/online-art-trade-report/docs/hiscox-online-art-trade-report/docs/hiscox-online-art-trade-report-2016-v2.pdf</a>

https://www2.deloitte.com/content/dam/Deloitte/uk/Documents/Innovation/deloitte-uk-blockchain-app-in-media.pdf; The Guardian From YouTube to the blockchain: how music and tech are colliding in 2016:

https://www.theguardian.com/technology/2016/jun/09/youtube-blockchain-music-tech-apple-google; Dr Jeremy Silver, CREATe: Blockchain or the Chaingang? Challenges, opportunities and hyper: the music industry and blockchain technologies: http://www.create.ac.uk/publications/blockchain-or-the-chaingang-challenges-opportunities-and-hype-the-music-industry-and-blockchain-technologies/

<sup>&</sup>lt;sup>6</sup> In 2015 the Financial Times reported that a London-based auction house, Fine Art Bourse, set up their operations in Hong Kong to avoid Artist's Resale Right royalties, copyright fees and sales tax: 9th January 2015 *Brass tacks: from online auctions to flipping* – Financial Times

<sup>&</sup>lt;sup>7</sup> See Deloitte *Blockchain applications in the media industry*:

 $<sup>^{8} \ \</sup>mathsf{DACS} \ \mathsf{panel} \ \mathsf{debate} \ \textit{Going Digital} \ \mathsf{can} \ \mathsf{be} \ \mathsf{streamed} \ \mathsf{here} \colon \underline{\mathsf{https://www.dacs.org.uk/latest-news/going-digital-dacs-carroll-fletcher-debate?category=For+Artists&title=N}$ 



will assist greatly in helping to remunerate artists for the use of their works and urges Government to support this technology and facilitate co-operation between rightsholders and online platforms.

#### 2.3.2 Developments in Europe

The Court of Justice of the European Union handed down judgment in the case *GS Media* (case C-160/15) this year. The decision determined that hyperlinks and framing constituted a communication to the public under the InfoSoc Directive when the work was an infringement and the link was provided either in pursuit of financial gain or by someone who was aware of the infringing nature of the linked-to works. This denoted a shift away from the notion of safe-harbour and demonstrates a desire to prevent the redistribution of infringing works.

In Germany, the music collecting society GEMA signed an agreement with YouTube in November 2016 that allows 70,000 music authors to receive remuneration for the online exploitation of their copyright protected works. This result came after many years of legal disputes and negotiations. It was a huge success for the music industry; however, the CEO of GEMA, Dr Harald Heker said that "the challenge remains for the politicians to create a clear legal framework. The economic value of cultural and creative works must also be passed on to the creators of the works."

#### 2.3.3 European Union Committee Report on Online Platforms

In the House of Lords debate on Online Platforms and the Digital Single Market on 9 November 2016, a number of speakers agreed that platforms were disruptive and impacted negatively on intellectual property<sup>10</sup>, and agreed with recommendations made in the Report from the European Union Committee<sup>11</sup>. The Report also makes it clear that the UK stands to gain greatly from the creation of a digital single market (paragraph 307), which DACS supports.

#### **Recommendations:**

- DACS considers that the Government should seize the opportunity to implement a law that
  poses an obligation on online platforms to ensure that creators' works are made available
  with their consent. As such, Article 13 of the Directive, imposing an obligation on online
  platforms, should be implemented into UK law, which should address the imbalance
  provided in the E-Commerce Directive that considers platforms to be 'mere conduits' of
  information.
- DACS agrees with the recommendations made in the European Union Committee Report that larger platforms with a dominant position in their own sector should be subject to regulation so that creators are not disadvantaged. Online auction platforms should also be recognised as dominant platforms.
- A code of practice should be adopted for online platforms to comply with in order to prevent asymmetries of power between platforms and creators.
- The Government should continue to support an internationally recognised ARR treaty that levels the playing field and ensures remuneration flows back to British creators when their works sell abroad.

https://www.gema.de/en/aktuelles/gema\_signs\_agreement\_with\_youtube\_milestone\_for\_a\_fair\_remuneration\_of\_music\_authors\_in\_the\_digital/

<sup>9</sup> GFMA:

<sup>10</sup> As per Lord Whitty speaking in the House of Lords Debate on Online Platforms, column 99: https://hansard.parliament.uk/Lords/2016-11-09/debates/9B74BDCD-4BB5-450E-BF7D-4544150B4621/Online Platforms And The District Science Advantage of the Platforms of the P

<sup>&</sup>lt;u>6F441F9B4C21/OnlinePlatformsAndTheDigitalSingleMarket(EUCReport)</u>
<sup>11</sup> EU Committee Report *Online Platforms and the Digital Single Market:* 



• The Government should recognise and nurture new technologies towards protecting content through blockchain and support organisations using these solutions and those bringing the solutions to market.



## 3. Articles 14-16: Fair remuneration in contracts of authors and performers

DACS very much welcomes Articles 14, 15 and 16 of the Directive, which are referred to as the 'transparency triangle' that aim to strengthen the rights of authors through contract. The Directive demonstrates the European Commission's recognition that creators are often paid a disproportionately low fee for their work without being able to benefit later if the work becomes more successful than recognised in the initial contract, which DACS knows to be a prevalent issue for visual artists.

#### 3.1 Impact on creators

Over the last three years 71% of artists exhibiting in publicly funded galleries in the UK received no fee for their work and 57% of artists generate less than a quarter of their income through their art<sup>12</sup>. This lack of remuneration is not because of a lack of interest in the work – the UK art market reported sales worth \$13.5 billion in 2015<sup>13</sup>, and arts museums and galleries were reported to contribute £5.4 billion to the UK economy in 2014<sup>14</sup>. However, visual artist work in an environment in which their rights are not properly valued.

The message with which Government is being presented is that artists are generally content with publicity for their work, which is similar to the 'exposure' that YouTube consider all artists are grateful to have without receiving any remuneration. In DACS opinion this is incorrect. Artists rely on remuneration for their work or from the use of their work to sustain their livelihood and practice. The museum and gallery sector is evidently squeezed from lack of public funding, with local councils making cuts that condemn some galleries to closure<sup>15</sup>. Museums and galleries therefore often try to shift the responsibility to the artists by depriving them of remuneration – and preventing them from future remuneration – through the use of their works, therefore effectively asking artists to subsidise their business and the publics access to their works.

In DACS' experience even large museums and galleries attempt to obtain assignments or at least perpetual, global licences of the copyright for no additional fee, when they acquire an original work from the artist. This generally enables them to carry out all modes of exploitation from merchandising and highly commercial uses to standard publishing and promotional uses, without any further remuneration going back to the creator. One of the main problems in these situations for visual artists is their lack of bargaining power. Artists often work independently, whether as freelancers or as a small business in their own right, and do not have any staff or help to negotiate contracts. Artists who challenge these unfair contracts risk losing the commission or damaging the relationship with the commissioner. In particularly emerging artists, or lesser known artists, are more vulnerable in a highly competitive environment and in this context where they are faced with a "don't sign, don't work attitude".

The UK benefits from egalitarian laws that help individuals preserve their rights, such as employment law and the new Consumer Rights Act 2015 that enshrines important consumer

<sup>14</sup> Department of Culture Media and Sport, *The Culture White Paper*, p.16

<sup>&</sup>lt;sup>12</sup> Cultural Times – The first global map of cultural and creative industries, prepared by EY for CISAC, December 2015. http://www.worldcreative.org./wp-content/uploads/2015/12/EYCultural Times2015 Download.pdf

<sup>&</sup>lt;sup>13</sup> Dr Clare McAndrew *TEFAF Art Market Report 2016*, p.26

<sup>&</sup>lt;sup>15</sup> The Guardian on the cut in funding of the New Art Gallery, Walsall reported in *This isn't austerity, it's asphyxiation:* can regional galleries survive the cuts? 16 November 2016:



principles in the digital arena. But for creators, no equivalent protection exists: a person has more rights buying music or art than when making it. The clauses in the proposed Directive recognise this issue and seek to address this wide disparity.

#### 3.2 Transparency Obligations

A mechanism allowing creators to understand the extent of the exploitation of their rights is very welcome. The Collective Management of Copyright Regulations 2016 requires that UK collective management organisations (CMOs), such as DACS, provide transparency to rightsholders on how their rights are managed. DACS believes that creators benefit from these standards, therefore other entities should also be obliged to act in a transparent manner.

### 3.3 Contract adjustment mechanism and Alternative Dispute Resolution

DACS fully supports a contract adjustment mechanism in the UK, which would reflect a 'bestseller' clause in laws in other European countries such as Germany. As there is also a similar concept under UK patent law<sup>16</sup>, the UK is in fact well placed to extend the contract adjustment mechanism for creators of copyright protected work.

Contract law in the UK does not adequately protect creators in the way it does consumers and workers, therefore an amendment to legislation such as the Unfair Contract Term Act 1977 to incorporate copyright clauses in contracts should be considered. There has been commentary on release of the draft Directive that the contract adjustment mechanism will negatively impact creators because the contracting parties will simply reduce all initial payments in anticipation of a later pay-out. Currently contracts are asking for creators to assign their rights in perpetuity and in anticipation of future technological developments. This is not only unjust but will always prejudice the creator regarding modes of exploitation of their works, which are not possible or are not even known at the time of contract. If creators therefore benefitted from fairer and more balanced contracts, the need for the adjustment mechanism would be far less likely to arise.

Article 15 does not define the terms 'appropriate remuneration' or 'disproportionately low'; however, a lack of guidance in this area will make it harder for the mechanism to be used by creators. DACS considers that to make this mechanism robust and workable, it should include parameters. Another reason why the mechanism may struggle to be effective is because creators rely on their relationships with publishers or other contracting parties, and are therefore less likely to take action as even alternative dispute resolution is a great undertaking for an individual or small business.

DACS has over 10 years' experience of managing the Artist's Resale Right, which shares the overarching principle of remunerating a creator for the subsequent revenues in their work. As such, we are aware of the factors and safeguards to ensure a remuneration mechanism functions properly.

#### **Recommendations:**

The contract adjustment mechanism is a vital tool to ensure that creators are properly remunerated for their work and should be adopted into UK legislation with the following changes:

The right is inalienable and cannot be waived.

-

<sup>&</sup>lt;sup>16</sup> s.40(1) Patent Act 1977)



- The right can be exercised by the creator or their mandated CMO this will preserve the relationship between the creator and the other contracting party, and balance the bargaining position.
- The law gives guidance on what is considered 'disproportionately low', and 'appropriate remuneration' by indicating percentage increases between the original fee and final remuneration.
- The mechanism allows the creator access to an independent ombudsman for disagreements on amounts due without compromising their relationship with their contracting party.
- Additionally, the Unfair Contract Terms Act 1977 should incorporate a copyright clause or similar legislation should be applied. This will strengthen the creator's position in the first instance and would also prevent a situation where the contract adjustment mechanism is relied upon by the other contracting parties to avoid paying the correct fee at first instance.



# 4. Proposal for a Regulation laying down rules on the exercise of copyright and related rights applicable to certain online transmissions of broadcasting organisations and retransmissions

Whilst DACS supports the aim for the accessibility of certain TV broadcasts across different EU Member States, this Regulation will extend the scope of application of the Satellite and Cable Directive country-of-origin principle to certain online transmission of TV and radio programmes, which are ancillary to the initial broadcasts, i.e. simulcasting and catch-up services.

DACS considers that the country-of-origin principle should not extend to these services as it amounts to digital exhaustion of the rights because where the communication occurs in several Member States but is deemed only to have occurred in one, the rightsholder can no longer authorise or prohibit (or seek remuneration for) the use of the work outside of the member state where the broadcasting organisation has its establishment. Digital exhaustion is not compatible with the InfoSoc Directive, which only allows for exhaustion for physical goods under Article 4.

**Recommendation**: The Government should avoid an extension to the Satellite and Cable Directive where this amounts to digital exhaustion

## DACS

5. Proposal for a Directive on permitted uses of works and other subject-matters protected by copyright and related rights for the benefit of persons who are blind, visually impaired or print disabled

DACS supports this Directive, which tracks closely the wording and intent of the Marrakesh Treaty, which it will implement.