Case C-147/19

Request for a preliminary ruling

Date lodged:

20 February 2019

Referring court:

Tribunal Supremo (Spain)

Date of the decision to refer:

13 February 2019

Appellant:

Atresmedia Corporación de Medios de Comunicación, S.A.

Respondents:

Asociación de Gestión de Derechos Intelectuales (AGEDI)

Artistas e Intérpretes o Ejecutantes, Sociedad de Gestión de España (AIE)

[…]

TRIBUNAL SUPREMO

(SUPREME COURT)

[…]

ORDER

[…]

FACTS

FIRST. — *Dispute in the main proceedings […]*

1. — 'Asociación de Gestión de Derechos Intelectuales' (Association for the Management of Intellectual Rights) ('AGEDI') and 'Artistas Intérpretes o Ejecutantes, Sociedad de Gestión de España' (Spanish Society for the Management of Performers' Rights) ('AIE') are intellectual property rights management entities. AGEDI manages the intellectual property rights of **[Or. 2]** phonogram producers. AIE manages the intellectual property rights of performers.

2. — On 29 July 2010, both entities brought an action against Atresmedia Corporación de Medios de Comunicación, S.A. ('Atresmedia'), which owns a number of television channels. In their application, AGEDI and AIE sought an order requiring Atresmedia to pay them compensation in the amount of EUR 17 093 260 for acts involving the communication to the public of phonograms published for commercial purposes (or reproductions thereof) carried out between 1 June 2003 and 31 December 2009 via the television channels operated by Atresmedia, and for the unauthorised reproduction of phonograms in connection with those acts of communication to the public.

3. — The Juzgado Mercantil de Madrid […] (Commercial Court, Madrid) delivered a judgment in which it held that compensation was not payable either for acts of communication to the public of phonograms which have been incorporated or 'synchronised' in audiovisual works (cinematographic films, television series and advertisements) or for the functional reproduction thereof. The court justified that decision with the following argument:

'The synchronisation of a pre-existing phonogram in an audiovisual work under a paid licence to that effect necessarily brings into being an absolutely new and autonomous derivative work. Since that work is autonomous of the phonogram […] which has been incorporated into it, the phonogram producers and the performers can no longer derive rights of remuneration from the communication to the public and functional reproduction of that work because such rights expire at the time of payment for the synchronisation and transformation of the musical work and the phonographic medium in a musical work'.

The court ordered Atresmedia to pay compensation on the other grounds claimed in the application.

4. — AGEDI and AIE appealed against the judgment of the Madrid Commercial Court and sought an order also requiring Atresmedia to pay compensation for acts of communication to the public of phonograms which have been incorporated into or 'synchronised' in audiovisual works communicated to the public on Atresmedia's television channels. **[Or. 3]**

The […] Audiencia Provincial de Madrid (Provincial Court, Madrid) […] upheld the appeal and stated:

'The phonogram is not a work, however. The phonogram is simply a medium containing the fixation of the way in which a particular artist, on a given occasion, performed the sequence of sounds constituted by the work itself. In other words,

the work is the creative and original conception of the sequence of sounds and the phonogram is the object that records a certain performance of that sequence. Consequently, if the phonogram is not a work, it cannot be subjected to an operation involving any element of transformation in a technical legal sense or, by extension, give rise to a derivative work, for the very reason that the subject of the synchronisation cannot be classified as a work in any sense. Much as the synchronisation of the phonogram in the audiovisual work may give rise, aesthetically and creatively speaking, to a sum that is greater than its visual and aural parts, and much as this may lead to a transformation of the aural (usually musical) work the specific performance of which is fixed in the phonogram being synchronised, the fact remains that the properties of the sounds fixed in the phonogram are objectively the same before and after synchronisation. This means that the aural fixation that remains in the audiovisual work after the phonogram has been synchronised, inasmuch as it is merely a replica of the sounds fixed in the synchronised phonogram, cannot be regarded as anything other than a reproduction of that same phonogram. The communication to the public of that reproduction, like that of the phonogram itself, gives rise to the right to equitable remuneration provided for in Articles 108(4) and 116(2) of the Ley de Propiedad Intelectual (Law on Intellectual Property).

For that reason, the Madrid Provincial Court set aside the judgment at first instance and granted the application in full.

SECOND. — *Appeal in cassation and reference for a preliminary ruling.*

1. — Atresmedia brought an appeal in cassation against that judgment […].

2. — The appeal is concerned exclusively with whether the communication to the public of audiovisual works by Atresmedia on its television channels confers a right to equitable remuneration, under Articles 108(4) and 116(2) […] of the Law on Intellectual Property, on performers and on the producers of the phonograms reproduced (or, as the process is also styled, 'synchronised') in such audiovisual works. **[Or. 4]**

3. — […] [T]he court, in the course of considering the relevance of submitting a request for a preliminary ruling to the Court of Justice of the European Union, sought the views of the parties on […] that course of action.

4. — […]

[…] [receipt of the parties' pleadings]

5. — The parties in the main proceedings are:

(1) 'Asociación de Gestión de Derechos Intelectuales (AGEDI)' and 'Artistas Intérpretes o Ejecutantes, Sociedad de Gestión de España (AIE)', as joint applicants [and now respondents in cassation], […]

(2) ‘Atresmedia Corporación de Medios de Comunicación, S.A.’, as defendant [and now appellant in cassation] […]

LAW

FIRST. — *EU law*

1. — Article 8(2) of Council Directive 92/100/EEC of 19 November 1992 on rental right and lending right and on certain rights related to copyright in the field of intellectual property (‘Directive 92/100’) provides:

‘Member States shall provide a right in order to ensure that a single equitable remuneration is paid by the user, if a phonogram published for commercial purposes, or a reproduction of such phonogram, is used for broadcasting by wireless means or for any communication to the public, and to ensure that this remuneration is shared between the relevant performers and phonogram producers. **[Or. 5]** Member States may, in the absence of agreement between the performers and phonogram producers, lay down the conditions as to the sharing of this remuneration between them’.

2. — Directive 2006/115/EC of the European Parliament and of the Council of 12 December 2006 on rental right and lending right and on certain rights related to copyright in the field of intellectual property (‘Directive 2006/115’), recital [1] of which states that its purpose is to codify the previous Directive 92/100 […] and the reforms made to it, contains an identical provision in Article 8(2).

3. — Since the application seeks compensation for the communication of audiovisual works to the public between 1 June 2003 and 31 December 2009, it is appropriate, *ratione tempore*, to have regard to both directives, not that that sequential order of the provisions has any practical implications in this case, given that their content is, as explained, identical.

SECOND. — *International law*

1. — The International Convention for the Protection of Performers, Producers of Phonograms and Broadcasting Organisations, done at Rome on 26 October 1961 (‘the Rome Convention’), contains the following provisions of interest in the matter at issue:

Article 3(b)

‘For the purposes of this Convention, [...] (b) “phonogram” means any exclusively aural fixation of sounds of a performance or of other sounds’.

Article 12

‘If a phonogram published for commercial purposes, or a reproduction of such phonogram, is used directly for broadcasting or for any communication to the

public, a single equitable remuneration shall be paid by the user to the performers, or to the producers of the phonograms, or to both. Domestic law may, in the absence of agreement between these parties, lay down the conditions as to the sharing of this remuneration'.

2. — Spain ratified the Rome Convention by an instrument of 2 August 1991 which was published in the *Boletín Oficial del Estado* (Official State Gazette) on 14 November 1991 and entered into force in Spain on that same date. Consequently, **[Or. 6]** that convention was in force in the period in respect of which the compensation forming the subject of the dispute in the main proceedings is claimed. Although many of the States that ratified or acceded to the Rome Convention are Member States of the European Union, the fact remains that neither the European Union nor all the Member States have acceded to it, and for that reason that convention does not form part of the Community legal order, as the Court of Justice of the European Union ('the Court of Justice') highlighted in the judgment of 15 March 2012 in Case C-135/10, which nonetheless states that the Rome Convention 'has indirect effects within the European Union'.

3. — The World Intellectual Property Organisation ('WIPO') Performances and Phonograms Treaty adopted in Geneva on 20 December 1996 ('the WPPT') contains the following provisions of interest in the matter at issue:

Article 1(1)

'Nothing in this Treaty shall derogate from existing obligations that Contracting Parties have to each other under the International Convention for the Protection of Performers, Producers of Phonograms and Broadcasting Organisations done in Rome, October 26, 1961 (hereinafter the "Rome Convention")'.

Article 2(b)

'Definitions

For the purposes of this Treaty: [...]

(b) "phonogram" means the fixation of the sounds of a performance or of other sounds, or of a representation of sounds, other than in the form of a fixation incorporated in a cinematographic or other audiovisual work'.

Article 15(1) and (2)

'Right to remuneration for broadcasting and communication to the public

(1) Performers and producers of phonograms shall enjoy 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.

(2) Contracting Parties may establish in their national legislation that the single equitable remuneration shall be claimed from the user by the performer or by the producer of a phonogram or by both. Contracting Parties may **[Or. 7]** enact national legislation that, in the absence of any agreement between the performer and the producer of a phonogram, sets the terms according to which performers and producers of phonograms shall share the single equitable remuneration'.

4. — Article 2(b) of that treaty was the subject of an agreed statement adopted by the Diplomatic Conference on 20 December 1996, which reads as follows:

'It is understood that the definition of phonogram provided in Article 2(b) does not suggest that rights in the phonogram are in any way affected through their incorporation into a cinematographic or other audiovisual work'.

5. — The WPPT entered into force for the European Union on 14 March 2010, according to its publication in the *Official Journal of the European Union* of 4 February 2010. Similarly, the instrument of ratification by Spain was published in the Official State Gazette of 18 June 2010, which stated that that Treaty had entered into force for Spain on the aforementioned 14 March 2010. Given that the compensation forming the subject of the dispute in the main proceedings relates to communications to the public between 1 June 2003 and 31 December 2009, the WPPT was not in force during that period.

6. — In its judgments of 12 September 2006, [*Laserdisken*] (C-479/04), and of 7 December 2006, [*SGAE*] (C-306/05), the Court of Justice nonetheless took the WPPT into consideration, despite the fact that it was not in force in the European Union, because Directive 2001/29/EC states in recital 15 that it 'also serves to implement a number of the new international obligations' contained in that Treaty.

THIRD. — *National law*

1. — In the period during which the communications to the public occurred for which compensation is being claimed in the main proceedings, the [Texto Refundido de] la Ley de Propiedad Intelectual ([Recast text of] the Law on intellectual property) ('the TRLPI') was in force. […] [F]or greater **[Or. 8]** clarity, this court will reproduce the legal provisions concerned only in the wording they contained following that reform [introduced by Law 23/2006 of 7 July 2006].

2. — The most relevant provisions are Articles 108(4) and 116(2) of the TRLPI. The first of these provides:

'Users of a phonogram published for commercial purposes or of a reproduction of that phonogram that is used for any form of communication to the public shall have an obligation to pay a single equitable remuneration to the performers and phonogram producers, between whom that remuneration shall be shared. In the absence of agreement between them as to how that remuneration is to be shared, this shall be in equal parts [...]'.

3. — Article 116(2) of the TRLPI has the same wording […].

4. — The first of those two provisions appears in the title governing performers' rights, and the second in the title governing phonogram producers' rights, which explains the duplication of the provision.

5. — Article 114(1) of the TRLPI provides:

'"Phonogram" means any exclusively aural fixation of the performance of a work or of other sounds'.

FOURTH. — *Relevance of making a reference for a preliminary ruling to the Court of Justice*

1. — AGEDI y AIE are opposed to the making of a reference for a preliminary ruling. […] [They take the view that the dispute] should be resolved exclusively by means of an interpretation of the national legislation, because Directives 92/100 and 2006/115 lay down minimum standards and Member States are at liberty to provide greater protection for the intellectual property rights governed by those directives.

2. — The first argument is unacceptable, since the subject-matter of the reference for a preliminary ruling is the same as that of the very appeal in cassation pending before the Supreme Court **[Or. 9]**. In order to be able to dispose of that appeal, this court must seek clarification of its doubts with respect to the interpretation of the applicable provisions of the Directive.

What AGEDI and AIE are actually arguing that is not that the reference to the Court of Justice is irrelevant for the purposes of disposing of the appeal in cassation, but rather that the appeal in cassation is irrelevant *per se*, inasmuch as the application should be granted in full, even if the appeal brought by Atresmedia is upheld. That view is incorrect, but the response to it must be given when judgment is delivered on the appeal in cassation, not now.

3. — As regards the second argument, it is true that the provision from the directives forming the subject of the reference for a preliminary ruling contains a minimum level of regulation in the sense that 'Member States should be able to provide for more far-reaching protection for owners of rights related to copyright than that required by the provisions laid down in this Directive in respect of broadcasting and communication to the public' (recital 16 of Directive 2006/115). However, the transposition of those provisions of the Directive in Articles 108(4) and 116(2) of the TRLPI did not increase protection for owners of related rights, that transposition having been confined to transferring to articles of national law the content of Article 8(2) of Directives 92/100 and 2006/115, without making any further relevant provision.

FIFTH. — *Interpretative doubts justifying the making of the reference.*

1. — The issue forming the subject of the appeal in cassation is whether, once a phonogram published for commercial purposes which recorded the performance of a musical work has been 'reproduced' or 'synchronised' in an audiovisual recording fixing an audiovisual work, the right of the performers and phonogram producers to receive the single equitable remuneration provided for in Article 8(2) of the aforementioned directives is exhausted.

2. — In order to answer that question, it is necessary to determine what interpretation is to be given to the concepts of 'phonogram' and 'reproduction of a phonogram published for commercial purposes' referred to in Article 8(2) of Directives 92/100 and 2006/115. The consequence of the interpretation given to those concepts will be either that the communication to the public of an audiovisual recording **[Or. 10]** that fixes an audiovisual work in which a phonogram published for commercial purposes has been synchronised or reproduced constitutes the communication to the public of that phonogram or of a reproduction of that phonogram, with the result that the user making that communication to the public has an obligation to pay a single equitable remuneration to the performers of the musical work recorded on that phonogram and to the phonogram producers; or, conversely, that, once the phonogram has been synchronised or reproduced in the audiovisual recording containing the fixation of the audiovisual work, the communication to the public of that recording of the audiovisual work no longer constitutes a communication of that phonogram or of a reproduction thereof, and holders of intellectual property rights derive rights to a single equitable remuneration only in so far as these are vested in the audiovisual recording and the audiovisual work, payment for the related rights in the phonogram having been made when its reproduction or synchronisation in the audiovisual work was authorised.

3. — [According to] the proposition put forward by Atresmedia, once authorisation has been given for a phonogram published for commercial purposes to be 'synchronised' in the audiovisual recording containing the fixation of an audiovisual work, the rights to an equitable remuneration which Articles 108(4) and 116(2) of the TRLPI (which transpose Article 8(2) of Directives 92/100 and 2006/115) confer on performers and phonogram producers are exhausted. Holders of intellectual property rights will derive rights from the communication to the public of that audiovisual work only in so far as these are vested in the audiovisual work and the audiovisual recording that acts as the medium for that work.

4. — By way of arguments in support of its proposition, Atresmedia submits that Article 3(b) of the Rome Convention and the corresponding provision of national law, Article 114(1) of the TRLPI, state that the phonogram is an 'exclusively aural fixation' and that Article 2(b) of the WPPT excludes from the concept of 'phonogram' the fixation of sounds 'incorporated in a cinematographic or other audiovisual work'. The 'synchronising' of the performance of the musical work recorded on the phonogram in the audiovisual work creates a work which is separate from, and independent of, the 'synchronised' musical work, not a mere **[Or. 11]** 'reproduction' of the phonogram. As a result of synchronisation, the

musical work is incorporated into a higher creative context which constitutes a separate, audiovisual work. Anyone communicating an audiovisual work to the public is not using or reproducing a phonogram but a separate work one of whose parts is a fixation of the performance of the musical work that is separate from the fixation of the phonogram because it is in fact located on a different medium. Consequently, the communication to the public of an audiovisual work cannot confer on the phonogram producers and the performers a right to remuneration for the performance of the work fixed on the phonogram quite simply because no phonogram is communicated to the public.

5. — AGEDI and AIE submit for their part that the 'reproduction' (which they prefer to the term 'synchronisation') of a phonogram published for commercial purposes in an audiovisual recording refers to the fact that communicating that audiovisual recording (whether or not in its capacity as a medium for an audiovisual work) to the public by broadcasting it on television is an act of communication to the public of the reproduction of that phonogram; moreover, that communication to the public confers on the phonogram producers and the performers all the rights which intellectual property law recognises as attaching to that act of exploitation for consideration of the protected intellectual services provided by them, including the single equitable remuneration provided for in Articles 108(4) and 116(2) of the TRLPI. This is because the phonogram that is reproduced does not lose its status as such by being incorporated in this way.

6. — In the view of AGEDI and AIE, the requirement that a fixation must be 'exclusively aural' in order to be regarded as a phonogram, which is laid down in Article 3(b) of the Rome Convention and Article 114(1) of the TRLPI, serves only to make it clear that the soundtrack (the entirety of the sound) of an audiovisual recording does not constitute a phonogram but is part of the audiovisual recording. This does not mean, however, that a phonogram published for commercial purposes which is incorporated into an audiovisual recording ceases to be regarded as a phonogram and that the performers and phonogram producers lose their right to a single equitable remuneration on the ground that that audiovisual **[Or. 12]** recording contains a fixation of pictures and sounds that is capable of being classified as an audiovisual work.

7. — Those entities submit that 'transformation' is an operation which can take place in a 'work', but the phonogram is a medium, in the same way as the audiovisual recording in which the phonogram is reproduced is a medium, and this puts it on a different plain from a work that is capable of being transformed. The payment made by the audiovisual producer to the phonogram producer (to whom the performers will usually have transferred their right to authorise the reproduction of the fixation of their performance as part of the phonogram production contract) serves as recompense for the act of exploitation consisting in the reproduction of the phonogram on a new medium, the audiovisual recording, since this is what the incorporation or synchronisation of the phonogram in the audiovisual recording amounts to, but the single equitable remuneration provided for in Articles 108(4) and 116(2) of the TRLPI (and Article 8(2) of Directives

92/100 and 2006/115) serves as recompense for a different act of exploitation, that is to say communication to the public.

8. — Lastly, AGEDI and AIE highlight the nonsensical nature of Atresmedia's proposition, inasmuch as, if the phonogram is reproduced in an audiovisual recording that fixes an audiovisual work, the fact that the content of that recording is of sufficient creative elevation would cause the musical work to be transformed, the phonogram to disappear and the rights accruing to the performers and phonogram producers from the communication to the public of that musical work to become exhausted. If, however, there is no creative elevation in the content of the audiovisual recording and this does not therefore serve as a medium for an audiovisual work, the phonogram would continue to be a phonogram the communication of which to the public confers a right to a single equitable remuneration on the performers and phonogram producers.

9. — Legal literature also contains conflicting opinions, often coinciding with the interests of the various groups involved (musical performers and phonogram producers, on the one hand, and audiovisual producers and companies that communicate audiovisual works to the public, on the other). **[Or. 13]**

10. — Some authors state that, when a phonogram is reproduced in a recording of an audiovisual work, the communication of that work to the public amounts to the communication to the public of a copy of the phonogram which has been reproduced or synchronised. For this group of legal commentators, the requirement that the phonogram should consist in an exclusively aural fixation serves only to exclude from the concept of phonogram situations in which the soundtrack of an audiovisual work has been expressly recorded for that film and there is therefore no phonogram published for commercial purposes that can be reproduced or synchronised, the foregoing not being precluded by the fact that, when the musical works on that soundtrack are marketed on an exclusively aural medium, they become a phonogram. That interpretation, they argue, still holds good after the 1996 WPPT.

11. — Another group of legal commentators, on the other hand, states that the concept of a phonogram as an 'exclusively aural fixation' is, on the contrary, intended to exclude the soundtrack of an audiovisual work from that concept even in cases where that work contains a reproduction or synchronisation of a phonogram published for commercial purposes, with the result that the communication of that audiovisual work to the public is not a communication of the phonogram to the public, and the user is under no obligation to pay the equitable remuneration provided for in Article 8(2) of Directives 92/100 and 2006/115.

12. — Conflicting adjudications can be found in the courts of States outside the European Union. The High Court of Australia, in its judgment of 20 May 1998 in *Performance Co of Australia Ltd* v *Federation of Australian Commercial Television Stations* (S95/1997), held that, although the soundtrack is not a

phonogram (sound record), this does not mean that that the incorporation of the latter into the former causes the former to disappear; consequently, the communication to the public of the audiovisual work would amount to an exploitation of the phonogram and would confer on the phonogram producer and the performers the rights of remuneration arising from communication to the public. The Supreme Court of Canada gave a ruling to the contrary effect in its judgment of 12 July 2012, *Sound* v *Motion Picture Theatre Associations of Canada and Others*. **[Or. 14]**

13. — For the foregoing reasons, regardless of any view this court may have formed, we consider that the interpretation of the aforementioned provisions of EU law objectively gives rise to doubts which make it necessary for the Court of Justice to provide an interpretation that will apply uniformly throughout the territory of the European Union, and it is on that basis that the making of a reference for a preliminary ruling is justified.

OPERATIVE PART

[THE SUPREME COURT] HEREBY DECIDES: […] to refer to the Court of Justice of the European Union for a preliminary ruling the following [questions] […]:

1. — Does the concept of the 'reproduction of a phonogram published for commercial purposes' referred to in Article 8(2) of Directives 92/100 and 2006/115 include the reproduction of a phonogram published for commercial purposes in an audiovisual recording containing the fixation of an audiovisual work?

2. — In the event that the answer to the previous question is in the affirmative, is a television broadcasting organisation which, for any type of communication to the public, uses an audiovisual recording containing the fixation of a cinematographic or audiovisual work in which a phonogram published for commercial purposes has been reproduced, under an obligation to pay the single equitable remuneration provided for in Article 8(2) of the aforementioned directives?

[…] **[Or. 15]**

[…] **[Or. 16]** [procedural formalities]