



NEWSLETTER

From: Intellectual Property Department

Subject: MUSIC: SAMPLING, INFRINGING OR NOT ?

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Introduction

It is a case of importance for the music industry, which the Court of Justice ruled on in its decision of 29 July 2019¹.

The case concerns *sampling*, a method nowadays commonly used in the creation of musical works.

Sampling is the process of taking, by means of electronic equipment, an excerpt or a sample (hence the name of the technique) from an existing recording for the purpose of using it as an element in a new composition in another recording. When reused, those samples are often mixed, modified and can be repeated in a loop, so that the original excerpt is more or less recognizable in the new work².

Notwithstanding the importance of its role in the musical creation, sampling is a genuine legal issue, especially since musical creation using such technique has become a significant source of revenue for authors, performers and producers.

By sampling, the artist not only draws inspiration from the creations of others, but also appropriates the results of that effort and editorial investment in the form of the phonogram.

In these last years, creating sample to be licensed to third parties also has become a business on its own³.

¹ ECJ, 29 July 2019, C-476/19, *Pelham*, ECLI:EU:C:2019:624.

² An example of a very recognizable sample is Madonna's use of a sample of Abba's hit *Gimme, Gimme, Gimme* in her hit *Hung Up* ; a less evident use of a sample is the use of Kraftwerk's *Metall auf Metall* in the *Nur Mir* song, although still recognizable; another example is the use of Prince's *Kiss* in *Would You Die for Me?* of *The Notorious B.I.G.* (all examples and many more can be found on the website www.whosampled.com).

³ For instance, *Old Town Road* by Lil Nas X uses a beat of YoungKio, a 19 years old Dutch producer, whose beat is actually a sampling of *Nine Inch Nails* banjo tune in *34 Ghosts IV...*(for a comparison: <https://www.youtube.com/watch?v=iaBY1PzBteY>)

Factual context of the decision

In 1977, the German group Kraftwerk released a phonogram with the song '*Metall auf Metall*'.

Mr. Pelham and Mr. Haas are the composer of the song '*Nur mir*', which was released in 1997.

Kraftwerk claims that "*Nur mir*" contains a sample of about 2 seconds of a rhythmic sequence of the song "*Metall auf Metall*" and that this sample is used in a continuous loop in the song "*Nur mir*"⁴.

As producers of their phonograms, Kraftwerk's members claimed that Pelham violated their neighboring rights of phonogram producers⁵ and did start litigation in Germany, seeking a prohibitory injunction and damages.

After long procedural ups and downs (including several appeals and review proceedings on points of law), the case was made pending before the German *Bundesgerichtshof* (Federal Court of Justice).

The *Bundesgerichtshof* ruled that the outcome of the case would depend on the answer of the European Court of Justice⁶ to several questions regarding provisions of European Copyright law and more precisely regarding:

- The scope of the right granted under European law to the producers of phonograms to prohibit the reproduction of their recordings, in whole or in part (article 2(c) of the European Directive 2001/29 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, hereafter the CIS-Directive);
- The possibility for EU Member States to provide for exceptions or limitations to that reproduction right in their national laws⁷;
- The scope of the exception of 'quotation' (as set in article 5(3)(d) of the CIS-Directive);

⁴ For a comparison:

<https://www.whosampled.com/sample/76596/Sabrina-Setlur-Nur-Mir-Kraftwerk-Metal-on-Metal/>

⁵ Kraftwerk also claims that their performing rights and their copyright in the musical work are infringed: these claims have not been submitted to the European Court of Justice.

⁶ The European Court of Justice serves as interpretation body for legal provisions of European Law.

⁷ Provisions contained in European Union Directives have, contrary to the provisions of European Union Regulations, no direct effect and have to be transposed by Member States in their national laws.

- The scope of the right for phonogram producers to prohibit the distribution of copies of their recordings, as foreseen under article 9(1)(b) of the European Directive 2006/115 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 (hereafter the LR-Directive); and
- The possibility for EU Member States to provide for exceptions or limitations to that right (as foreseen under article 10(2) of the LR-Directive).

The *Bundesgerichtshof* therefore decided to stay the proceedings and to refer several questions to the European Court of Justice.

The findings of the ECJ

First finding of the court: a sample constitutes a prohibited reproduction of the original work unless it is not recognizable by the ear (in which case it falls under the freedom of the arts)

The main questions in this case concern (i) the scope of the reproduction right granted to phonogram producers and (ii) the interplay of that right with the fundamental rights of the users of these phonograms. The answers of the Court to these questions are probably the most interesting points of the decision.

On these issues, the Court first recalls that it is clear from the wording of the CIS-Directive that the reproduction of a sound sample contained in a phonogram, even if very short, must in principle be regarded as a reproduction '*in part*' of that recording, and that such reproduction therefore infringes the right granted to the producer of the phonogram to prohibit all reproductions, in whole or in part. That finding is classic.

However, the court also recalls that in the case of sampling, a balance must be struck between two types of fundamental rights: the intellectual property rights of the producers and the fundamental rights of the users, including the '*freedom of the arts*' and '*sampling*' technique (which can be regarded as a technique pertaining to the freedom of the arts).

In order to draw a line, the Court applies the "*recognizability*" criterion: when sampling encompasses such a modification of the

sample that it is not recognizable anymore by the ear, it cannot be considered as an infringement of the producer's right⁸.

In other words: sampling is prohibited⁹, unless the sound sample is modified in such a way that it is not recognizable for the ear; in that latter case, the sampling falls under the freedom of the arts and is allowed.

How the "recognizability" test will be applied by the courts however remains to be seen...

Second finding of the court: a (infringing) sample can be "saved" by the exception of 'quotation' foreseen in the CIS-Directive, provided several requirements are met: (i) the work it comes from is identifiable; (ii) the sampler wants to enter into dialogue with the original work for the purposes of illustrating an assertion, of defending an opinion or of allowing an intellectual comparison between that work and the assertions of that sampler; (iii) the use of the sample is in accordance with fair practice and limited to the extent required by the specific purpose and (iv) the name of the author of the sampled work is indicated (unless this would be impossible).

Can a sampling be regarded as a 'quotation', which could then benefit from the exception foreseen for quotations in the CIS-Directive 2001/29 (article 5(3)(d)) and therefore be legal on that basis ?

The answer to that question is probably the second most interesting point of the decision.

The Court first recalls that, for the exception of quotation to apply, the use in question must be made '*in accordance with fair practice, and to the extent required by the specific purpose*', so that the use at issue for the purposes of quotation must not be extended beyond the confines of what is necessary to achieve the informative purpose of that particular quotation. It is important to underline that this

⁸ The court furthermore states that considering such sampling as an infringement of the producer rights would entitle the producer to oppose to a use of the phonogram that does not interfere with the possibilities for the producer to obtain a satisfactory gain on its investments, what would go beyond the aim of the protection granted by the CIS-Directive to phonogram producers.

⁹ It is contrary to the exclusive right granted by article 2(c) of CIS-Directive.

condition of “*fair practice use*” is a condition *as such* for the applicability of the exception of quotation^{10,11}.

The Court further recalls that the CIS-Directive gives no definition of the term ‘*quotation*’, and that therefore, the meaning and scope of that term must be determined by considering its usual meaning in everyday language, while also taking into account the legislative context in which it occurs and the purposes of the rules of which it is part.

And this is where the interesting part comes: as regards the usual meaning of the word ‘*quotation*’, the Court finds that the essential characteristics of a quotation are the use of an extract from a work “*for the purposes of illustrating an assertion, of defending an opinion or of allowing an intellectual comparison between that work and the assertions of that user*”.

The Court therefore rules that, where the creator of a musical work uses a sample, the use of that sample may only amount to a ‘*quotation*’ provided that the sampler has the intention of entering into dialogue with the work from which the sample was taken “*for the purposes of illustrating an assertion, of defending an opinion or of allowing an intellectual comparison between that work and the assertions of that user*”.

The application of the exception in case of samplings is thus not excluded, but the conditions set by the Court for the applicability of that exception will not make it easy for the sampler to rely on the quotation exception: it remains to be seen how the sampler will demonstrate that the use of the sample is meant to enter into dialogue with the original work for one of the purposes listed by the Court¹².

Finally, the Court also states that no dialogue exists (and therefore no quotation is possible) where it is not possible to identify the work concerned by the quotation at issue¹³.

¹⁰ As is the indication of the author of the quoted work, unless it would be impossible to make such indication.

¹¹ The Court does not further elaborate on what should be considered as fair use.

¹² Next to that requirement, also the other conditions set out in Article 5(3)(d) (fair use, mention of the author) remain applicable.

¹³ Whether the “identification” of the work is the same as the recognizable character of the sample by the ear, is not clear. If the sample is not recognizable by the ear, there will be no infringement of the producer’s rights anyway.

Third finding of the court: a recording containing a sample does NOT constitute a 'copy' in the sense of the LR-Directive.

Answering another question of the German *Bundersgerichtshof*, the Court recalls that, insofar article 9.1(b) of the LR-Directive¹⁴ is concerned, that Directive is aimed at offering means to the phonograms producers to defend themselves against piracy and the illegal copies of their phonograms and that only a recording that contains all or a substantial part of the sounds fixed in a phonogram can replace the lawful copies of that phonogram.

The Court also refers to the Geneva Convention¹⁵, which contains a provision comparable to article 9.1(b) of the LR-Directive, and where it is expressly stated that in order to have a (prohibited) "copy", the whole or at least a "substantial part" of the phonogram should be reproduced.

As this is not the case of a medium where only short musical samples of another phonogram are reproduced, possibly under a modified form, the Court rules that the use of a sample in a recording does not cause that recording to be qualified as a 'copy' under Directive 2006/115.

That decision of the Court does however not mean that the recordings containing a sample are legal and could be distributed without infringing the producer's rights: clearly, such recordings are infringing the producer's reproduction rights granted by article 2(c) of the CIS-Directive. It therefore remains to be seen what the findings of the court in relation with the LR-Directive 2006/115 will have as real impact, considering the decision of the Court under the CIS-Directive¹⁶.

¹⁴ Whereby the producer is entitled to prohibit the distribution of copies of his recordings.

¹⁵ Convention for the Protection of Producers of Phonograms Against Unauthorised Duplication of Their Phonograms, signed in Geneva on 29 October 1971. The European Union is not party to that Convention, but the Court nevertheless takes it into consideration since recital 7 of LR-Directive states that the Directive aims to approximate the legislation of the Member States in such a way as not to conflict with the international conventions on which the copyright and related rights laws of many Member States are based.

¹⁶ The question may arise whether the "communication to the public" of such works, including via streaming, would not be considered illegal as well under the CIS-Directive, even if article 3(c) of the CIS-Directive does not contain an express reference to a communication "in whole or in part". It would make less sense to consider that a producer is entitled to prohibit the reproduction of its recordings other recordings, but not to allow him to prohibit the distribution of these infringing recordings. Also, in relation with the LR-Directive, one should not forget that the Court has already ruled in the *C-More* decision (ECJ, 26 March 2015, C-279/13, ECLI:EU:C:2015:199) that the provisions regarding the broadcasting rights and rights of communication to the public contained in article 8 of the LR-Directive do not preclude the Member States to offer a broader protection to right owners than the protection offered under the LR-Directive; although the findings of the Court in that

Fourth finding of the court: Member States cannot enact exceptions or limitations to the producers rights not foreseen in the CIS-Directive

This is probably the less interesting part of the decision, which is in line with prior decisions of the Court.

The Court emphasizes that there is no possibility for a Member State to introduce derogations from the author's exclusive rights, apart from the exceptions and limitations exhaustively provided for in Article 5 of the CIS-Directive.

The CIS-Directive indeed aims at maintaining a fair balance between the interest of copyright and related rights owners and the protection of the interests and fundamental rights of users and the general interest, and the mechanisms for striking the right balance between these different rights and interests are set out in Directive 2001/29 itself.

In that context, allowing member states to introduce new exceptions or broadening exceptions foreseen in the Directive, would threaten the effectiveness of the harmonization aimed at by the Directive.

A Member State is therefore not entitled to enact exceptions or limitations to the right of the phonogram producers granted under the Directive 2001/29, other than those provided for in Article 5 of Directive 2001/29.

Conclusion

With its decision, the Court gives one (rather) clear answer, open slightly a door and let us with new (unanswered) questions.

A (rather) clear answer: sampling is not an infringement of the producer's reproduction right when the original sample is not recognizable by the ear.

A slight opening: when the work concerned by the quotation is identifiable, the sample used could be considered as a legal quotation¹⁷, provided the aim of the sampling is to enter into

respect are mostly based on the recital 16 of the LR-Directive, which refers only to the broadcasting right and the right of communication to the public, one could claim that the same principle should apply in relation to the distribution rights granted under that Directive.

¹⁷ Sampling could also be considered as a "parody", provided the requirements of that exception would be met.

dialogue with the original work for the purposes of illustrating an assertion, of defending an opinion or of allowing an intellectual comparison between that work and the assertions of the user¹⁸. But it remains to be seen whether the sampler will be able to convince the courts that they pursue one of these purposes.

New questions: a few examples: how to assess whether a sample is recognizable by the ear¹⁹ ? Is the recognizability of the sample the same as the identification of the original work necessary for the applicability of the exception of quotation ? How to assess whether the use of a sample is indeed aimed at one of the purposes listed by the Court ? And above all: are the answers (or some of them) of the Court also applicable in relation to possible infringement of the copyright in the composition ?

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¹⁸ And the other requirements for a legal quotation are met (fair practice, indication of the author)

¹⁹ Is that to be assessed by the normal listener, having a general knowledge of music ? Or by fans knowing the music work the sample has been taken from ?