Judgment of the Court (Grand Chamber) of 3 July 2012 (reference for a preliminary ruling from the Bundesgerichtshof - Germany) - UsedSoft GmbH v Oracle International Corp.

(Case C-128/11) [1]

(Legal protection of computer programs - Marketing of used licences for computer programs downloaded from the internet - Directive 2009/24/EC - Articles 4(2) and 5(1) - Exhaustion of the distribution right - Concept of lawful acquirer)

Language of the case: German

Referring court

Bundesgerichtshof

Parties to the main proceedings

Applicant: UsedSoft GmbH

Defendant: Oracle International Corp.

Re:

Reference for a preliminary ruling - Bundesgerichtshof - Interpretation of first subparagraph of Article 4(2) and Article 5(1) of 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) - Downloading of copies of computer programs from the internet with the rightholder's consent onto a data carrier on the basis of a software licence - Whether that action can be classified as exhausting the rightholder's distribution right with regard to the copies downloaded - Marketing of 'used' licences of programs downloaded by the first acquirer - Concept of 'lawful acquirer'

Operative part of the judgment

1. Article 4(2) of Directive 2009/24/EC of the European Parliament and of the Council of 23 April 2009 on the legal protection of computer programs must be interpreted as meaning that the right of distribution of a copy of a computer program is exhausted if the copyright holder who has authorised, even free of charge, the downloading of that copy from the internet onto a data carrier has also conferred, in return for payment of a fee intended to enable him to obtain a remuneration corresponding to the economic value of the copy of the work of which he is the proprietor, a right to use that copy for an unlimited period.

2. Articles 4(2) and 5(1) of Directive 2009/24 must be interpreted as meaning that, in the event of the resale of a user licence entailing the resale of a copy of a computer program downloaded from the copyright holder's website, that licence having originally been granted by that rightholder to the first acquirer for an unlimited period in return for payment of a fee intended to enable the rightholder to obtain a remuneration corresponding to the economic value of that copy of his work, the second acquirer of the licence, as well as any subsequent acquirer of it, will be able to rely on the exhaustion of the distribution right under Article 4(2) of that directive, and hence be regarded as lawful acquirers of a copy of a computer program within the meaning of Article 5(1) of that directive and benefit from the right of reproduction provided for in that provision.

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[1] - OJ C 194, 2.7.2011.

JUDGMENT OF THE COURT (Grand Chamber)

3 July 2012 (*)

(Legal protection of computer programs – Marketing of used licences for computer programs downloaded from the internet – Directive 2009/24/EC – Articles 4(2) and 5(1) – Exhaustion of the distribution right – Concept of lawful acquirer)

In Case C−128/11,

REFERENCE for a preliminary ruling under Article 267 TFEU from the Bundesgerichtshof (Germany), made by decision of 3 February 2011, received at the Court on 14 March 2011, in the proceedings

UsedSoft GmbH

v

Oracle International Corp.,

THE COURT (Grand Chamber),

composed of V. Skouris, President, A. Tizzano, J.N. Cunha Rodrigues, K. Lenaerts (Rapporteur), J.−C. Bonichot and A. Prechal, Presidents of Chambers, K. Schiemann, E. Juhász, A. Borg Barthet, D. Šváby and M. Berger, Judges,

Advocate General: Y. Bot,

Registrar: K. Malacek, Administrator,

having regard to the written procedure and further to the hearing on 6 March 2012,

after considering the observations submitted on behalf of:

– UsedSoft GmbH, by B. Ackermann and A. Meisterernst, Rechtsanwälte,

– Oracle International Corp., by T. Heydn and U. Hornung, Rechtsanwälte,

– Ireland, by D. O'Hagan, acting as Agent,

– the Spanish Government, by N. Díaz Abad, acting as Agent,

– the French Government, by J. Gstalter, acting as Agent,

– the Italian Government, by G. Palmieri, acting as Agent, and S. Fiorentino, avvocato dello Stato,

– the European Commission, by J. Samnadda and F.W. Bulst, acting as Agents,

after hearing the Opinion of the Advocate General at the sitting on 24 April 2012,

gives the following

Judgment

1 This reference for a preliminary ruling concerns the interpretation of Articles 4(2) and 5(1) of 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).

2 The reference has been made in proceedings between UsedSoft GmbH ('UsedSoft') and Oracle International Corp. ('Oracle') concerning the marketing by UsedSoft of used licences for Oracle computer programs.

Legal context

International law

3 The World Intellectual Property Organisation (WIPO) adopted the WIPO Copyright Treaty ('the Copyright Treaty') in Geneva on 20 December 1996. That treaty was approved on behalf of the European Community by Council Decision 2000/278/EC of 16 March 2000 (OJ 2000 L 89, p. 6).

4 Article 4 of the Copyright Treaty, 'Computer programs', reads as follows:

'Computer programs are protected as literary works within the meaning of Article 2 of the Berne Convention. Such protection applies to computer programs, whatever may be the mode or form of their expression.'

5 Article 6 of the Copyright Treaty, 'Right of distribution', provides:

'1. Authors of literary and artistic works shall enjoy the exclusive right of authorising the making available to the public of the original and copies of their works through sale or other transfer of ownership.

2. Nothing in this Treaty shall affect the freedom of Contracting Parties to determine the conditions, if any, under which the exhaustion of the right in paragraph 1 applies after the first sale or other transfer of ownership of the original or a copy of the work with the authorisation of the author.'

6 Article 8 of the Copyright Treaty provides:

'… authors of literary and artistic works shall enjoy the exclusive right of authorising any communication to the public of their works, by wire or wireless means, including the making available to the public of their works in such a way that members of the public may access these works from a place and at a time individually chosen by them'.

7 In the agreed statements concerning Articles 6 and 7 of the Copyright Treaty, it is declared that:

'As used in these Articles, the expressions "copies" and "original and copies" being subject to the right of distribution and the right of rental under the said Articles, refer exclusively to fixed copies that can be put into circulation as tangible objects.'

European Union law

Directive 2001/29

8 Recitals 28 and 29 in the preamble to 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) state:

‘(28) Copyright protection under this Directive includes the exclusive right to control distribution of the work incorporated in a tangible article. The first sale in the Community of the original of a work or copies thereof by the rightholder or with his consent exhausts the right to control resale of that object in the Community. This right should not be exhausted in respect of the original or of copies thereof sold by the rightholder or with his consent outside the Community. Rental and lending rights for authors have been established in Directive 92/100/EEC. The distribution right provided for in this Directive is without prejudice to the provisions relating to the rental and lending rights contained in Chapter I of that Directive.

(29) The question of exhaustion does not arise in the case of services and on-line services in particular. This also applies with regard to a material copy of a work or other subject-matter made by a user of such a service with the consent of the rightholder. Therefore, the same applies to rental and lending of the original and copies of works or other subject-matter which are services by nature. Unlike CD-ROM or CD-I, where the intellectual property is incorporated in a material medium, namely an item of goods, every on-line service is in fact an act which should be subject to authorisation where the copyright or related right so provides.’

9 In accordance with Article 1(2)(a) of Directive 2001/29, the directive ‘shall leave intact and shall in no way affect existing Community provisions relating to … the legal protection of computer programs’.

10 Article 3 of Directive 2001/29 provides:

‘1. Member States shall provide authors with the exclusive right to authorise or prohibit any communication to the public of their works, by wire or wireless means, including the making available to the public of their works in such a way that members of the public may access them from a place and at a time individually chosen by them.

…

3. The rights referred to in paragraphs 1 and 2 shall not be exhausted by any act of communication to the public or making available to the public as set out in this Article.’

11 Article 4 of Directive 2001/29, ‘Distribution right’, provides:

‘1. Member States shall provide for authors, in respect of the original of their works or of copies thereof, the exclusive right to authorise or prohibit any form of distribution to the public by sale or otherwise.

2. The distribution right shall not be exhausted within the Community in respect of the original or copies of the work, except where the first sale or other transfer of ownership in the Community of that object is made by the rightholder or with his consent.’

Directive 2009/24

12 According to recital 1 in the preamble to Directive 2009/24, that directive codifies Council Directive 91/250/EEC of 14 May 1991 on the legal protection of computer programs (OJ 1991 L 122, p. 42).

13 According to recital 7 in that preamble, '[f]or the purpose of this Directive, the term "computer program" shall include programs in any form, including those which are incorporated into hardware.'

14 According to recital 13 in that preamble, 'the acts of loading and running necessary for the use of a copy of a program which has been lawfully acquired, and the act of correction of its errors, may not be prohibited by contract'.

15 Article 1(1) of Directive 2009/24 provides that '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'.

16 Under Article 1(2) of that directive, '[p]rotection in accordance with this Directive shall apply to the expression in any form of a computer program'.

17 Article 4 of the directive, 'Restricted acts', provides:

'1. Subject to the provisions of Articles 5 and 6, the exclusive rights of the rightholder within the meaning of Article 2 shall include the right to do or to authorise:

(a) the permanent or temporary reproduction of a computer program by any means and in any form, in part or in whole; in so far as loading, displaying, running, transmission or storage of the computer program necessitate such reproduction, such acts shall be subject to authorisation by the rightholder;

(b) the translation, adaptation, arrangement and any other alteration of a computer program and the reproduction of the results thereof, without prejudice to the rights of the person who alters the program;

(c) any form of distribution to the public, including the rental, of the original computer program or of copies thereof.

2. The first sale in the Community of a copy of a program by the rightholder or with his consent shall exhaust the distribution right within the Community of that copy, with the exception of the right to control further rental of the program or a copy thereof.'

18 Article 5 of the directive, 'Exceptions to the restricted acts', provides in paragraph 1:

'In the absence of specific contractual provisions, the acts referred to in points (a) and (b) of Article 4(1) shall not require authorisation by the rightholder where they are necessary for the use of the computer program by the lawful acquirer in accordance with its intended purpose, including for error correction.'

German law

19 Paragraphs 69c and 69d of the Law on copyright and related rights (Gesetz über Urheberrecht und verwandte Schutzrechte (Urheberrechtsgesetz)) of 9 September 1965, as amended ('the UrhG'), transpose Articles 4 and 5 of Directive 2009/24 into national law.

Facts of the main proceedings and questions referred for a preliminary ruling

20 Oracle develops and markets computer software. It is the proprietor of the exclusive user rights under copyright law in those programs. It is also the proprietor of the German and Community word marks Oracle, which are registered inter alia for computer software.

21 Oracle distributes the software at issue in the main proceedings, namely databank software, in 85% of cases by downloading from the internet. The customer downloads a copy of the software directly to his computer from Oracle's website. The software is what is known as 'client-server-software'. The user right for such a program, which is granted by a licence agreement, includes the right to store a copy of the program permanently on a server and to allow a certain number of users to access it by downloading it to the main memory of their work-station computers. On the basis of a maintenance agreement, updated versions of the software ('updates') and programs for correcting faults ('patches') can be downloaded from Oracle's website. At the customer's request, the programs are also supplied on CD-ROM or DVD.

22 Oracle offers group licences for the software at issue in the main proceedings for a minimum of 25 users each. An undertaking requiring licences for 27 users thus has to acquire two licences.

23 Oracle's licence agreements for the software at issue in the main proceedings contain the following term, under the heading 'Grant of rights':

'With the payment for services you receive, exclusively for your internal business purposes, for an unlimited period a non-exclusive non-transferable user right free of charge for everything that Oracle develops and makes available to you on the basis of this agreement.'

24 UsedSoft markets used software licences, including user licences for the Oracle computer programs at issue in the main proceedings. For that purpose UsedSoft acquires from customers of Oracle such user licences, or parts of them, where the original licences relate to a greater number of users than required by the first acquirer.

25 In October 2005 UsedSoft promoted an 'Oracle Special Offer' in which it offered for sale 'already used' licences for the Oracle programs at issue in the main proceedings. In doing so it pointed out that the licences were all 'current' in the sense that the maintenance agreement concluded between the original licence holder and Oracle was still in force, and that the lawfulness of the original sale was confirmed by a notarial certificate.

26 Customers of UsedSoft who are not yet in possession of the Oracle software in question download a copy of the program directly from Oracle's website, after acquiring such a used licence. Customers who already have that software and then purchase further licences for additional users are induced by UsedSoft to copy the program to the work stations of those users.

27 Oracle brought proceedings in the Landgericht München I (Regional Court, Munich I) seeking an order that UsedSoft cease the practices described in paragraphs 24 to 26 above. That court allowed Oracle's application. UsedSoft's appeal against the decision was dismissed. UsedSoft thereupon appealed on a point of law to the Bundesgerichtshof (Federal Court of Justice).

28 According to the Bundesgerichtshof, the actions of UsedSoft and its customers infringe Oracle's exclusive right of permanent or temporary reproduction of computer programs within the meaning of Article 4(1)(a) of Directive 2009/24. UsedSoft's customers cannot, in that court's view, rely on a right validly transferred to them by Oracle to reproduce the computer programs. Oracle's licence agreements state that the right to use the programs is 'non-transferable'. Oracle's customers are not therefore entitled to transfer to third parties the right of reproduction of those programs.

29 The outcome of the dispute depends, according to that court, on whether the customers of UsedSoft can successfully rely on Paragraph 69d(1) of the UrhG, which transposes Article 5(1) of Directive 2009/24 into German law.

30 The question arises, first, whether a person who, like UsedSoft's customers, does not hold a user right in the computer program granted by the rightholder, but relies on the exhaustion of the right

to distribute a copy of the computer program, is a 'lawful acquirer' of that copy within the meaning of Article 5(1) of Directive 2009/24. The referring court considers that that is the case. It explains that the marketability of a copy of the computer program which arises from the exhaustion of the distribution right would be largely meaningless if the acquirer of such a copy did not have the right to reproduce the program. The use of a computer program, unlike the use of other works protected by copyright, generally requires its reproduction. Article 5(1) of Directive 2009/24 thus serves to safeguard the exhaustion of the distribution right under Article 4 (2) of Directive 2009/24.

31 Next, the referring court considers whether, in a case such as that in the main proceedings, the right to distribute a copy of a computer program is exhausted under the second sentence of Paragraph 69c(3) of the UrhG, which transposes Article 4(2) of Directive 2009/24.

32 There are several possible interpretations. First, Article 4(2) of Directive 2009/24 could be applicable if the rightholder allows a customer, after the conclusion of a licence agreement, to make a copy of a computer program by downloading that program from the internet and storing it on a computer. That provision attaches the legal consequence of exhaustion of the distribution right to the first sale of a copy of the program and does not necessarily presuppose the putting into circulation of a physical copy of the program. Secondly, Article 4(2) of Directive 2009/24 could be applicable by analogy in the case of the sale of a computer program by means of on-line transmission. According to the supporters of that view, there is an unintended lacuna in the law ('planwidrige Regelungslücke') because the authors of the directive did not regulate or contemplate on-line transmission of computer programs. Thirdly, Article 4(2) of Directive 2009/24 is inapplicable because the exhaustion of the distribution right under that provision always presupposes the putting into circulation of a physical copy of the program by the rightholder or with his consent. The authors of the directive deliberately refrained from extending the rule on exhaustion to the on-line transmission of computer programs.

33 Finally, the referring court raises the question whether a person who has acquired a used licence may, for making a copy of the program (as UsedSoft's customers do in the dispute in the main proceedings by downloading a copy of Oracle's program onto a computer from Oracle's website or uploading it to the main memory of other work stations), rely on exhaustion of the right of distribution of the copy of the program made by the first acquirer, with the consent of the rightholder, by downloading it from the internet, if the first acquirer has deleted his copy or no longer uses it. The referring court considers that the application by analogy of Articles 5(1) and 4 (2) of Directive 2009/24 can be ruled out. Exhaustion of the distribution right is intended solely to guarantee the marketability of a copy of a program which is incorporated in a particular data carrier and sold by the rightholder or with his consent. The effect of exhaustion should not therefore be extended to the non-physical data transmitted on-line.

34 In those circumstances the Bundesgerichtshof decided to stay the proceedings and to refer the following questions to the Court for a preliminary ruling:

'1. Is the person who can rely on exhaustion of the right to distribute a copy of a computer program a "lawful acquirer" within the meaning of Article 5(1) of Directive 2009/24?

2. If the reply to the first question is in the affirmative: is the right to distribute a copy of a computer program exhausted in accordance with the first half-sentence of Article 4(2) of Directive 2009/24 when the acquirer has made the copy with the rightholder's consent by downloading the program from the internet onto a data carrier?

3. If the reply to the second question is also in the affirmative: can a person who has acquired a "used" software licence for generating a program copy as "lawful acquirer" under Article 5(1) and the first half-sentence of Article 4(2) of Directive 2009/24 also rely on exhaustion of the right to distribute the copy of the computer program made by the first acquirer with

the rightholder's consent by downloading the program from the internet onto a data carrier if the first acquirer has erased his program copy or no longer uses it?'

Consideration of the questions referred

Question 2

35 By its second question, which should be addressed first, the referring court essentially seeks to know whether and under what conditions the downloading from the internet of a copy of a computer program, authorised by the copyright holder, can give rise to exhaustion of the right of distribution of that copy in the European Union within the meaning of Article 4(2) of Directive 2009/24.

36 It should be recalled that under Article 4(2) of Directive 2009/24 the first sale in the European Union of a copy of a computer program by the rightholder or with his consent exhausts the distribution right within the European Union of that copy.

37 According to the order for reference, the copyright holder itself, in this case Oracle, makes available to its customers in the European Union who wish to use its computer program a copy of that program which can be downloaded from its website.

38 To determine whether, in a situation such as that at issue in the main proceedings, the copyright holder's distribution right is exhausted, it must be ascertained, first, whether the contractual relationship between the rightholder and its customer, within which the downloading of a copy of the program in question has taken place, may be regarded as a 'first sale … of a copy of a program' within the meaning of Article 4(2) of Directive 2009/24.

39 According to settled case-law, the need for a uniform application of European Union law and the principle of equality require that the terms of a provision of European Union law which makes no express reference to the law of the Member States for the purpose of determining its meaning and scope must normally be given an independent and uniform interpretation throughout the European Union (see, inter alia, Case C−5/08 *Infopaq International* [2009] ECR I−6569, paragraph 27; Case C−34/10 *Brüstle* [2011] ECR I−0000, paragraph 25; and Case C−510/10 *DR and TV2 Danmark* [2012] ECR I−0000, paragraph 33).

40 The wording of Directive 2009/24 does not make any reference to national laws as regards the meaning to be given to the term 'sale' in Article 4(2) of the directive. It follows that that term must be regarded, for the purposes of applying the directive, as designating an autonomous concept of European Union law, which must be interpreted in a uniform manner throughout the territory of the European Union (see, to that effect, *DR and TV2 Danmark*, paragraph 34).

41 That conclusion is supported by the subject-matter and purpose of Directive 2009/24. Recitals 4 and 5 in the preamble to that directive, which is based on Article 95 EC, to which Article 114 TFEU corresponds, state that its objective is to remove differences between the laws of the Member States which have adverse effects on the functioning of the internal market and concern computer programs. A uniform interpretation of the term 'sale' is necessary in order to avoid the protection offered to copyright holders by that directive varying according to the national law applicable.

42 According to a commonly accepted definition, a 'sale' is an agreement by which a person, in return for payment, transfers to another person his rights of ownership in an item of tangible or intangible property belonging to him. It follows that the commercial transaction giving rise, in accordance with Article 4(2) of Directive 2009/24, to exhaustion of the right of distribution of a copy of a computer program must involve a transfer of the right of ownership in that copy.

43 Oracle submits that it does not sell copies of its computer programs at issue in the main proceedings. It says that it makes available to its customers, free of charge, on its website a copy of the program concerned, and they can download that copy. The copy thus downloaded may not, however, be used by the customers unless they have concluded a user licence agreement with Oracle. Such a licence gives Oracle's customers a non-exclusive and non-transferable user right for an unlimited period for that program. Oracle submits that neither the making available of a copy free of charge nor the conclusion of the user licence agreement involves a transfer of the right of ownership of that copy.

44 In this respect, it must be observed that the downloading of a copy of a computer program and the conclusion of a user licence agreement for that copy form an indivisible whole. Downloading a copy of a computer program is pointless if the copy cannot be used by its possessor. Those two operations must therefore be examined as a whole for the purposes of their legal classification (see, by analogy, Joined Cases C−145/08 and C−149/08 *Club Hotel Loutraki and Others* [2010] ECR I−4165, paragraphs 48 and 49 and the case-law cited).

45 As regards the question whether, in a situation such as that at issue in the main proceedings, the commercial transactions concerned involve a transfer of the right of ownership of the copy of the computer program, it must be stated that, according to the order for reference, a customer of Oracle who downloads the copy of the program and concludes with that company a user licence agreement relating to that copy receives, in return for payment of a fee, a right to use that copy for an unlimited period. The making available by Oracle of a copy of its computer program and the conclusion of a user licence agreement for that copy are thus intended to make the copy usable by the customer, permanently, in return for payment of a fee designed to enable the copyright holder to obtain a remuneration corresponding to the economic value of the copy of the work of which it is the proprietor.

46 In those circumstances, the operations mentioned in paragraph 44 above, examined as a whole, involve the transfer of the right of ownership of the copy of the computer program in question.

47 It makes no difference, in a situation such as that at issue in the main proceedings, whether the copy of the computer program was made available to the customer by the rightholder concerned by means of a download from the rightholder's website or by means of a material medium such as a CD-ROM or DVD. Even if, in the latter case too, the rightholder formally separates the customer's right to use the copy of the program supplied from the operation of transferring the copy of the program to the customer on a material medium, the operation of downloading from that medium a copy of the computer program and that of concluding a licence agreement remain inseparable from the point of view of the acquirer, for the reasons set out in paragraph 44 above. Since an acquirer who downloads a copy of the program concerned by means of a material medium such as a CD-ROM or DVD and concludes a licence agreement for that copy receives the right to use the copy for an unlimited period in return for payment of a fee, it must be considered that those two operations likewise involve, in the case of the making available of a copy of the computer program concerned by means of a material medium such as a CD-ROM or DVD, the transfer of the right of ownership of that copy.

48 Consequently, in a situation such as that at issue in the main proceedings, the transfer by the copyright holder to a customer of a copy of a computer program, accompanied by the conclusion between the same parties of a user licence agreement, constitutes a 'first sale … of a copy of a program' within the meaning of Article 4(2) of Directive 2009/24.

49 As the Advocate General observes in point 59 of his Opinion, if the term 'sale' within the meaning of Article 4(2) of Directive 2009/24 were not given a broad interpretation as encompassing all forms of product marketing characterised by the grant of a right to use a copy of a computer program, for an unlimited period, in return for payment of a fee designed to enable the copyright holder to obtain a remuneration corresponding to the economic value of the copy of

the work of which he is the proprietor, the effectiveness of that provision would be undermined, since suppliers would merely have to call the contract a ‘licence’ rather than a ‘sale’ in order to circumvent the rule of exhaustion and divest it of all scope.

50 Secondly, the argument put forward by Oracle and the European Commission that the making available of a copy of a computer program on the copyright holder’s website constitutes a ‘making available to the public’ within the meaning of Article 3(1) of Directive 2001/29, which, in accordance with Article 3(3) of that directive, cannot give rise to exhaustion of the right of distribution of the copy, cannot be accepted.

51 It is apparent from Article 1(2)(a) of Directive 2001/29 that the directive ‘leave[s] intact and … in no way affect[s] existing … provisions [of European Union law] relating to … the legal protection of computer programs’ conferred by Directive 91/250, which was subsequently codified by Directive 2009/24. The provisions of Directive 2009/24, in particular Article 4(2), thus constitute a *lex specialis* in relation to the provisions of Directive 2001/29, so that even if the contractual relationship at issue in the main proceedings or an aspect of it might also be covered by the concept of ‘communication to the public’ within the meaning of Article 3(1) of the latter directive, the ‘first sale … of a copy of a program’ within the meaning of Article 4(2) of Directive 2009/24 would still give rise, in accordance with that provision, to exhaustion of the right of distribution of that copy.

52 Moreover, as stated in paragraph 46 above, in a situation such as that at issue in the main proceedings, the copyright holder transfers the right of ownership of the copy of the computer program to his customer. As the Advocate General observes in point 73 of his Opinion, it follows from Article 6(1) of the Copyright Treaty, in the light of which Articles 3 and 4 of Directive 2001/29 must, so far as possible, be interpreted (see, to that effect, Case C−456/06 *Peek & Cloppenburg* [2008] ECR I−2731, paragraph 30), that the existence of a transfer of ownership changes an ‘act of communication to the public’ provided for in Article 3 of that directive into an act of distribution referred to in Article 4 of the directive which, if the conditions in Article 4(2) of the directive are satisfied, can, like a ‘first sale … of a copy of a program’ referred to in Article 4(2) of Directive 2009/24, give rise to exhaustion of the distribution right.

53 Thirdly, it must also be examined whether, as argued by Oracle, the governments which have submitted observations to the Court, and the Commission, the exhaustion of the distribution right referred to in Article 4(2) of Directive 2009/24 relates only to tangible property and not to intangible copies of computer programs downloaded from the internet. They refer in this respect to the wording of Article 4(2) of Directive 2009/24, recitals 28 and 29 in the preamble to Directive 2001/29, Article 4 of Directive 2001/29 read in conjunction with Article 8 of the Copyright Treaty, and the agreed statement concerning Articles 6 and 7 of the Copyright Treaty, whose transposition is one of the aims of Directive 2001/29.

54 Furthermore, according to the Commission, recital 29 in the preamble to Directive 2001/29 confirms that ‘[t]he question of exhaustion does not arise in the case of services and on-line services in particular’.

55 On this point, it must be stated, first, that it does not appear from Article 4(2) of Directive 2009/24 that the exhaustion of the right of distribution of copies of computer programs mentioned in that provision is limited to copies of programmes on a material medium such as a CD-ROM or DVD. On the contrary, that provision, by referring without further specification to the ‘sale … of a copy of a program’, makes no distinction according to the tangible or intangible form of the copy in question.

56 Next, it must be recalled that Directive 2009/24, which concerns specifically the legal protection of computer programs, constitutes a *lex specialis* in relation to Directive 2001/29.

57 Article 1(2) of Directive 2009/24 states that '[p]rotection in accordance with this Directive shall apply to the expression in any form of a computer program'. Recital 7 in the preamble to that directive specifies that the 'computer programs' it aims to protect 'include programs in any form, including those which are incorporated into hardware'.

58 Those provisions thus make abundantly clear the intention of the European Union legislature to assimilate, for the purposes of the protection laid down by Directive 2009/24, tangible and intangible copies of computer programs.

59 In those circumstances, it must be considered that the exhaustion of the distribution right under Article 4(2) of Directive 2009/24 concerns both tangible and intangible copies of a computer program, and hence also copies of programs which, on the occasion of their first sale, have been downloaded from the internet onto the first acquirer's computer.

60 It is true that the concepts used in Directives 2001/29 and 2009/24 must in principle have the same meaning (see Joined Cases C−403/08 and C−429/08 *Football Association Premier League and Others* [2011] ECR I−0000, paragraphs 187 and 188). However, even supposing that Article 4(2) of Directive 2001/29, interpreted in the light of recitals 28 and 29 in its preamble and in the light of the Copyright Treaty, which Directive 2001/29 aims to implement (Case C−277/10 *Luksan* [2012] ECR I−0000, paragraph 59), indicated that, for the works covered by that directive, the exhaustion of the distribution right concerned only tangible objects, that would not be capable of affecting the interpretation of Article 4(2) of Directive 2009/24, having regard to the different intention expressed by the European Union legislature in the specific context of that directive.

61 It should be added that, from an economic point of view, the sale of a computer program on CD-ROM or DVD and the sale of a program by downloading from the internet are similar. The on-line transmission method is the functional equivalent of the supply of a material medium. Interpreting Article 4(2) of Directive 2009/24 in the light of the principle of equal treatment confirms that the exhaustion of the distribution right under that provision takes effect after the first sale in the European Union of a copy of a computer program by the copyright holder or with his consent, regardless of whether the sale relates to a tangible or an intangible copy of the program.

62 As to the Commission's argument that European Union law does not provide for the exhaustion of the distribution right in the case of services, it must be recalled that the objective of the principle of the exhaustion of the right of distribution of works protected by copyright is, in order to avoid partitioning of markets, to limit restrictions of the distribution of those works to what is necessary to safeguard the specific subject-matter of the intellectual property concerned (see, to that effect, Case C−200/96 *Metronome Musik* [1998] ECR I−1953, paragraph 14; Case C−61/97 *FDV* [1998] ECR I−5171, paragraph 13; and *Football Association Premier League and Others*, paragraph 106).

63 To limit the application, in circumstances such as those at issue in the main proceedings, of the principle of the exhaustion of the distribution right under Article 4(2) of Directive 2009/24 solely to copies of computer programs that are sold on a material medium would allow the copyright holder to control the resale of copies downloaded from the internet and to demand further remuneration on the occasion of each new sale, even though the first sale of the copy had already enabled the rightholder to obtain an appropriate remuneration. Such a restriction of the resale of copies of computer programs downloaded from the internet would go beyond what is necessary to safeguard the specific subject-matter of the intellectual property concerned (see, to that effect, *Football Association Premier League and Others*, paragraphs 105 and 106).

64 Fourthly, it must also be examined whether, as Oracle claims, the maintenance agreement concluded by the first acquirer prevents in any event the exhaustion of the right provided for in

Article 4(2) of Directive 2009/24, since the copy of the computer program which the first acquirer may transfer to a second acquirer no longer corresponds to the copy he downloaded but to a new copy of the program.

65 According to the order for reference, the used licences offered by UsedSoft are ‘current’, in that the sale of the copy of the program by Oracle to its customer was accompanied by the conclusion of a maintenance agreement for that copy.

66 It must be observed that the exhaustion of the right of distribution of a copy of a computer program under Article 4(2) of Directive 2009/24 only concerns copies which have been the subject of a first sale in the European Union by the copyright holder or with his consent. It does not relate to contracts for services, such as maintenance agreements, which are separable from such a sale and were concluded, possibly for an unlimited period, on the occasion of the sale.

67 None the less, the conclusion of a maintenance agreement, such as those at issue in the main proceedings, on the occasion of the sale of an intangible copy of a computer program has the effect that the copy originally purchased is patched and updated. Even if the maintenance agreement is for a limited period, the functionalities corrected, altered or added on the basis of such an agreement form an integral part of the copy originally downloaded and can be used by the acquirer of the copy for an unlimited period, even in the event that the acquirer subsequently decides not to renew the maintenance agreement.

68 In such circumstances, the exhaustion of the distribution right under Article 4(2) of Directive 2009/24 extends to the copy of the computer program sold as corrected and updated by the copyright holder.

69 It should be pointed out, however, that if the licence acquired by the first acquirer relates to a greater number of users than he needs, as stated in paragraphs 22 and 24 above, the acquirer is not authorised by the effect of the exhaustion of the distribution right under Article 4(2) of Directive 2009/24 to divide the licence and resell only the user right for the computer program concerned corresponding to a number of users determined by him.

70 An original acquirer who resells a tangible or intangible copy of a computer program for which the copyright holder’s right of distribution is exhausted in accordance with Article 4(2) of Directive 2009/24 must, in order to avoid infringing the exclusive right of reproduction of a computer program which belongs to its author, laid down in Article 4(1)(a) of Directive 2009/24, make his own copy unusable at the time of its resale. In a situation such as that mentioned in the preceding paragraph, the customer of the copyright holder will continue to use the copy of the program installed on his server and will not thus make it unusable.

71 Moreover, even if an acquirer of additional user rights for the computer program concerned did not carry out a new installation – and hence a new reproduction – of the program on a server belonging to him, the effect of the exhaustion of the distribution right under Article 4(2) of Directive 2009/24 would in any event not extend to such user rights. In such a case the acquisition of additional user rights does not relate to the copy for which the distribution right was exhausted at the time of that transaction. On the contrary, it is intended solely to make it possible to extend the number of users of the copy which the acquirer of additional rights has himself already installed on his server.

72 On the basis of all the foregoing, the answer to Question 2 is that Article 4(2) of Directive 2009/24 must be interpreted as meaning that the right of distribution of a copy of a computer program is exhausted if the copyright holder who has authorised, even free of charge, the downloading of that copy from the internet onto a data carrier has also conferred, in return for payment of a fee intended to enable him to obtain a remuneration corresponding to the economic

value of the copy of the work of which he is the proprietor, a right to use that copy for an unlimited period.

Questions 1 and 3

73 By its first and third questions the referring court seeks essentially to know whether, and under what conditions, an acquirer of used licences for computer programs, such as those sold by UsedSoft, may, as a result of the exhaustion of the distribution right under Article 4(2) of Directive 2009/24, be regarded as a 'lawful acquirer' within the meaning of Article 5(1) of Directive 2009/24 who, in accordance with that provision, enjoys the right of reproduction of the program concerned in order to enable him to use the program in accordance with its intended purpose.

74 Article 5(1) of Directive 2009/24 provides that, in the absence of specific contractual provisions, the reproduction of a computer program does not require authorisation by the author of the program where that reproduction is necessary for the use of the computer program by the lawful acquirer in accordance with its intended purpose, including for error correction.

75 When the customer of the copyright holder purchases a copy of a computer program that is on the rightholder's website, he performs, by downloading the copy onto his computer, a reproduction of the copy which is authorised under Article 5(1) of Directive 2009/24. This is a reproduction that is necessary for the use of the program by the lawful acquirer in accordance with its intended purpose.

76 Moreover, recital 13 in the preamble to Directive 2009/24 states that 'the acts of loading and running necessary for the use of a copy of a program which has been lawfully acquired … may not be prohibited by contract'.

77 It must be recalled, next, that the copyright holder's distribution right is exhausted, in accordance with Article 4(2) of Directive 2009/24, on the occasion of the first sale in the European Union by that rightholder, or with his consent, of any copy, tangible or intangible, of his computer program. It follows that, by virtue of that provision and notwithstanding the existence of contractual terms prohibiting a further transfer, the rightholder in question can no longer oppose the resale of that copy.

78 Admittedly, as stated in paragraph 70 above, the original acquirer of a tangible or intangible copy of a computer program for which the copyright holder's distribution right is exhausted in accordance with Article 4(2) of Directive 2009/24 who resells that copy must, in order to avoid infringing that rightholder's exclusive right of reproduction of his computer program under Article 4(1)(a) of Directive 2009/24, make the copy downloaded onto his computer unusable at the time of its resale.

79 As Oracle rightly observes, ascertaining whether such a copy has been made unusable may prove difficult. However, a copyright holder who distributes copies of a computer program on a material medium such as a CD-ROM or DVD is faced with the same problem, since it is only with great difficulty that he can make sure that the original acquirer has not made copies of the program which he will continue to use after selling his material medium. To solve that problem, it is permissible for the distributor – whether 'classic' or 'digital' – to make use of technical protective measures such as product keys.

80 Since the copyright holder cannot object to the resale of a copy of a computer program for which that rightholder's distribution right is exhausted under Article 4(2) of Directive 2009/24, it must be concluded that a second acquirer of that copy and any subsequent acquirer are 'lawful acquirers' of it within the meaning of Article 5(1) of Directive 2009/24.

81 Consequently, in the event of a resale of the copy of the computer program by the first acquirer, the new acquirer will be able, in accordance with Article 5(1) of Directive 2009/24, to download onto his computer the copy sold to him by the first acquirer. Such a download must be regarded as a reproduction of a computer program that is necessary to enable the new acquirer to use the program in accordance with its intended purpose.

82 The argument put forward by Oracle, Ireland and the French and Italian Governments that the concept of 'lawful acquirer' in Article 5(1) of Directive 2009/24 relates only to an acquirer who is authorised, under a licence agreement concluded directly with the copyright holder, to use the computer programme cannot be accepted.

83 That argument would have the effect of allowing the copyright holder to prevent the effective use of any used copy in respect of which his distribution right has been exhausted under Article 4 (2) of Directive 2009/24, by relying on his exclusive right of reproduction laid down in Article 4 (1)(a) of that directive, and would thus render ineffective the exhaustion of the distribution right under Article 4(2).

84 In the case of a situation such as that at issue in the main proceedings, it must be recalled that in paragraphs 44 and 48 above it was found that the downloading onto the customer's server of a copy of the computer program on the rightholder's website and the conclusion of a user licence agreement for that copy form an indivisible whole which, as a whole, must be classified as a sale. Having regard to that indivisible link between the copy on the rightholder's website, as subsequently corrected and updated, on the one hand, and the user licence relating to the copy, on the other, the resale of the user licence entails the resale of 'that copy' within the meaning of Article 4(2) of Directive 2009/24, and thus benefits from the exhaustion of the distribution right under that provision, notwithstanding the term in the licence agreement set out in paragraph 23 above.

85 As may be seen from paragraph 81 above, it follows that a new acquirer of the user licence, such as a customer of UsedSoft, will be able, as a 'lawful acquirer' within the meaning of Article 5(1) of Directive 2009/24 of the corrected and updated copy of the computer program concerned, to download that copy from the copyright holder's website, with that downloading constituting a reproduction of a computer program that is necessary to enable the new acquirer to use the program in accordance with its intended purpose.

86 It should be recalled, however, that, if the licence acquired by the first acquirer relates to a greater number of users than he needs, that acquirer is not authorised by the effect of the exhaustion of the distribution right under Article 4(2) of Directive 2009/24 to divide the licence and resell only the user right for the computer program concerned corresponding to a number of users determined by him, as explained in paragraphs 69 to 71 above.

87 Moreover, a copyright holder such as Oracle is entitled, in the event of the resale of a user licence entailing the resale of a copy of a computer program downloaded from his website, to ensure by all technical means at his disposal that the copy still in the hands of the reseller is made unusable.

88 It follows from the foregoing that the answer to Questions 1 and 3 is that Articles 4(2) and 5(1) of Directive 2009/24 must be interpreted as meaning that, in the event of the resale of a user licence entailing the resale of a copy of a computer program downloaded from the copyright holder's website, that licence having originally been granted by that rightholder to the first acquirer for an unlimited period in return for payment of a fee intended to enable the rightholder to obtain a remuneration corresponding to the economic value of that copy of his work, the second acquirer of the licence, as well as any subsequent acquirer of it, will be able to rely on the exhaustion of the distribution right under Article 4(2) of that directive, and hence be regarded as

lawful acquirers of a copy of a computer program within the meaning of Article 5(1) of that directive and benefit from the right of reproduction provided for in that provision.

Costs

89 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 (Grand Chamber) hereby rules:

1. **Article 4(2) of Directive 2009/24/EC of the European Parliament and of the Council of 23 April 2009 on the legal protection of computer programs must be interpreted as meaning that the right of distribution of a copy of a computer program is exhausted if the copyright holder who has authorised, even free of charge, the downloading of that copy from the internet onto a data carrier has also conferred, in return for payment of a fee intended to enable him to obtain a remuneration corresponding to the economic value of the copy of the work of which he is the proprietor, a right to use that copy for an unlimited period.**

2. **Articles 4(2) and 5(1) of Directive 2009/24 must be interpreted as meaning that, in the event of the resale of a user licence entailing the resale of a copy of a computer program downloaded from the copyright holder's website, that licence having originally been granted by that rightholder to the first acquirer for an unlimited period in return for payment of a fee intended to enable the rightholder to obtain a remuneration corresponding to the economic value of that copy of his work, the second acquirer of the licence, as well as any subsequent acquirer of it, will be able to rely on the exhaustion of the distribution right under Article 4(2) of that directive, and hence be regarded as lawful acquirers of a copy of a computer program within the meaning of Article 5(1) of that directive and benefit from the right of reproduction provided for in that provision.**

[Signatures]

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* Language of the case: German.