

SABAM v. S.A. TISCALI (SCARLET)

DISTRICT COURT OF BRUSSELS, NO. 04/8975/A, DECISION OF 29 JUNE 2007

TRANSLATED BY FRAN MADY, JULIEN BOURROUILHOU, AND JUSTIN HUGHES

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Translators' notes:

Belgian legal sources cited in the opinion have been retained in their original form for reference. Where the translation includes brackets with italicized text, i.e. [xxxx], these are words added by the translators to improve understanding of the original. Footnotes from the translators offer further clarifications.

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SABAM v. S.A. TISCALI (SCARLET)

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Abstract

SABAM v. Scarlett is a June 29, 2007 decision from a Belgian trial court ordering an ISP in that country to install filtering software to prevent the ISP's users from accessing unauthorized music downloads via peer-to-peer systems. The court made this order following an expert report on the feasibility of such filtering. The decision has generated a fair amount of controversy and this translation is intended to provide intellectual property teachers and practitioners with a citable, English source for the opinion. Users are welcome to reproduce the translation, in whole or in excerpts, for any non-profit educational, non-profit research, or other non-commercial purpose. This translation inaugurates the "translation series" in the Cardozo Arts & Entertainment Law Journal; the translators welcome comments.

DISTRICT COURT OF BRUSSELS¹

The Company (SCRL²) **Belgian Society of Authors, Composers, and Publishers (SABAM)**, BCE# 0402.989.270³, having its headquarter at 75-77 Arlon Street, Brussels 1040.

Petitioner, Plaintiff, and Counter-defendant

Represented by B. Michaux, Esq., attorney, 106 Avenue Louise, Brussels 1050

Against

The Corporation (S.A.⁴) **Scarlet**, previously known as S.A. Tiscali, BCE, whose headquarters are established at 43 Strassart Street, Brussels 1050.

Defendant

Represented by Van Praet, Esq., attorney, 375 Avenue Louise, Brussels, 1050.

This case was held and pled in French at a public hearing on 18 May 2007;

After deliberation, the presiding judge of the District Court hands down the following judgment:

Considering:

- the interlocutory judgment⁵ announced 26 November 2004;
- the order 747 §2 handed down 16 February 2007;
- the principal brief of plaintiff filed with the clerk of the court on 11 April 2007 and its additional conclusions filed at a hearing of 4 May 2007;
- the fourth brief of defendant filed with the clerk of the court on 21 March 2007, its fifth brief filed 25 April 2007, and its sixth brief filed 14 May 2007;

¹ Tribunal de Première Instance, that is, the trial court for the Brussels district.

² Société coopérative à responsabilité limitée, that is, a limited liability cooperative company.

³ Banque-Carrefour des Entreprises, that is, the Belgian Trade and Companies Register.

⁴ Société anonyme.

⁵ A "jugement avant dire droit" is a decision taken during proceeding, either to order a temporary measure or either to name an expert. For the holding of this 26 November 2004 judgment, please refer to page 2.

- the fourth brief of defendant filed with the clerk of the court on 21 March 2007, its fifth brief filed 25 April 2007, and its sixth brief filed 14 May 2007;

And after hearing the parties' attorneys' oral arguments;

BACKGROUND

By a summons of 24 June 2004, SABAM commenced an action for injunctive relief based on article 87 §1 of the 30 June 2004 law on copyright and neighboring rights, against S.A. Tiscali in order for the court: [i] to assess the existence of copyright infringements of musical compositions from the SABAM repertoire due to unauthorized exchange of electronic music files using "peer-to-peer" software, these infringements committed through the use of S.A. Tiscali's services; [ii] to order the latter [S.A. Tiscali] to stop those infringements by making impossible or paralyzing all forms of sending or receipt by its clients of files containing musical compositions, transmitted without authorization of the copyright holder(s), using "peer-to-peer" software, subject to a penalty of 25,000 per day or part of day during which S.A. Tiscali would not respect the order to be taken starting the eighth day after its notification; [iii] and to order publication measures on S.A. Tiscali's website and daily newspapers of the order to be taken.

S.A. Tiscali's counter-claim is asking to condemn SABAM to pay 25,000 for frivolous and vexatious claims and 25,000 for its legal fees.

After having rejected S.A. Tiscali's argument as to lack of subject-matter jurisdiction of this court, this court held in its 26 November 2004 judgment that:

- SABAM had standing in its action for injunctive relief against S.A. Tiscali as an intermediary ISP whose services were allegedly used by third parties for copyright infringements (see page 7 of the [26 November 2004] judgment),
- Infringement of the copyright on musical compositions that are part of the SABAM repertoire occurred with the unauthorized exchange of electronic musical files done using peer-to-peer software through S.A. Tiscali's internet network (see page 9 of the judgment);
- The finding of copyright infringement forced the court, in

- principle, to order cessation of such activities and that the injunctive order must effectively end the illegal situation;
- It [*the court*] was not sufficiently informed concerning the feasibility of technical measures that might be considered to definitively put an end to copyright infringements done by Internet users using S.A. Tiscali's services.

Consequently, an expert opinion was ordered; the expert's mission was:

- "to take account in their entirety the reports established by HP, Cap Gemini, and L. Glovers, and study the proposed solutions contained in those reports;
- to state if those solutions are technically doable and if they can be put in place technically on S.A. Tiscali's installations;
- to state if those solutions would permit filtering of only illicit exchanges of electronic files or would filter all uses of "peer-to-peer" software;
- to state if other measures (filters or others) can be considered to control uses of peer-to-peer software, and, if so, to determine if those measures would affect all internet exchanges or only the ones considered illegal;
- to determine the cost of each measure considered and how long it will take to put them in place [duration of their installation];
- to answer the parties' useful questions, to bring them together where possible, and, failing that, to file his report with the clerk of the court within three (3) months following the commission of the expert opinion upon request by the more diligent party."

The court furthermore has reserved its right to rule on S.A. Tiscali's counter-claim.

The expert rendered his report on 3 January 2007.

S.A. Tiscali has become S.A. Scarlet Extended.

DISCUSSION

1. Principal claim

1.1 Considering that Scarlet blames SABAM for having waited until March 2006 to commission the expert opinion; considers that, consequently, "*the emergency of the injunctive request cannot be presumed any longer*" and reflects possible abusive behavior of SABAM in the present proceeding;

That the injunctive action does not require emergency; that, therefore, the plaintiff cannot oppose delay in this action (*C. Dalcq, Vers et pour une théorie générale du comme en référé, CUP 2006, Les actions comme en référé, p. 60*);

That, on 22 May 2006, SABAM sent to the judicial [*court appointed*] expert an introductory technical note setting further several blocking and filtering solutions;

That one cannot blame SABAM, which is, a priori, less informed than a telecommunication operator regarding the internet, for having wanted to bring the expert a complete file; that the number of solutions presented to the expert by SABAM can explain the [*amount of*] time spent to prepare this file;

That the delay criticized by Scarlet is therefore not an abuse of process.

1.2 Considering that, in his report, the judicial expert has identified eleven (11) solutions "*technically pertinent in the short term for filtering P2P*," in which seven (7) are "*applicable to Scarlet's network*" (p. 30 expert report);

That, among those seven (7) solutions, the expert concluded that only one (1), called "*Audible Magic*" (CopySense Network Appliance), "*seeks to identify the protected music content in P2P flows*," the other applications being "*traffic management solutions that discriminate principally, but not exclusively, on the application being used. None of these other management solutions has, therefore, the goal of differentiating the content transmitted through those applications.*"

That the expert, consequently, considers that "*the solution offered by Audible Magic is the only one that tries to respond specifically to the problem*" (general conclusion, p. 38, 4);

That, nevertheless, the expert assesses that:

"*The enduring viability of the filter solutions of P2P applications is far from assured over the middle term (2-3 years) given the growing use of encryption in this type of application.*"

The solution offered by Audible Magic, "*essentially targeted to the education industry is not . . . designed to answer the volume of traffic of an ISP (that is to say, an internet service provider),*"

"*Recourse to this technique in the ISP context causes therefore a high acquisition and exploitation cost to compensate for this under-design,*" cost "*which is to be compared with the time period during which this solution will be efficient, encryption . . . rendering this solution equally inefficient within the framework of in-transit filtering*" (general conclusion, p. 38, 3 to 5);

Considering that, on the basis of those findings, SABAM believes that several solutions exist allowing Scarlet to put an end

to the established infringements;

That, for its part, Scarlet thinks that the techniques SABAM refers to are not capable of stopping unauthorized exchange of musical works insofar as "*the licit [or illicit] character of a transmission is an inaccessible fact to any technology*" (it is not possible to know whether or not the author of a work has consented to the communication, or if this latter [*the communication*] falls within an exception to copyright, or if there is a legal [*compulsory*] license) and as "*identification of the exchanged works may itself be problematic*" due to the encryption of the transmitted information;

Considering that, as mentioned in the 26 November 2004 judgment, an injunction order must produce a result in the sense that it must effectively end the unlawful situation (see, implicitly, *Cass*⁶. 6 December 2001, *A&M* 2002, 146 and the note by B. Michaux);

That there must exist technically possible measures to stop the copyright infringements;

That the expert report, combined with information produced by SABAM in its file, allows [*the court*] in this case to conclude that such measures effectively exist;

That the expert has identified seven (7) possible solutions applicable to Scarlet's network, including six (6) which have the effect of blocking P2P use without distinction as to content (blocking solutions) and of which one (1) is a filtering solution he [*the expert*] considers the most appropriate to "*to try to respond to the problem in a specific way*;"

That, regarding this last solution, SABAM claims, without being contradicted, that the Audible Magic solution, which, according to the expert, seeks "*to identify the protected musical content in the P2P flows*" uses a database "*which covers more than 70 per cent of the protected songs exchanged over the internet*" corresponding "*in reality, to 90 per cent of the volume of illegal musical files actually exchanged over the internet*;"

That SABAM furthermore provides evidence that this solution has already been adopted in order to block unauthorized uses of copyrighted-protected content by "*an internet giant*," MySpace, which is "*one of the most used platform for exchanges by internet users*" (see press release and press article, published in the NYT of 13 February 2007, folder VI of SABAM file); that furthermore Microsoft has also announced its intention to use "*the CopySense Network Appliance digital tattoo technology of Audible Magic to detect and block automatically any protected content*" (see press release and article published on Vnnet.com on 28 March 2007, folder

⁶ "Cass." = abbreviation for "Cassation" = highest court.

XII of SABAM file); that, finally, according to Audible Magic, "a leading Asian ISP has installed Audible Magic's CopySense Network Appliance application on its network to evaluate the technology and its potential in the field of broadband. The test was carried out during the summer 2005. The test demonstrated that the technology can be used to identify and filter copyright protected contents on its network" (folder VIII of SABAM file);

That these elements are contradictory to the expert's conclusion (which is not supported by any informational element) according to which, the Audible Magic solution would "not be designed to respond to the volume of a broadband ISP;" that SABAM furthermore produces in its file an "Iometrix" study demonstrating the capacity of Audible Magic to deal with very large traffic volume with a result from 99.3 per cent up to 100 per cent of blocked files (folder IX of SABAM file);

That SABAM furthermore observes that while the expert had some reservations concerning the durability of the solutions due to data encryption, he nevertheless admitted, after being asked about this point by SABAM, that he has not examined "the feasibility (technological, temporal, etc.) of encryption by P2P networks" (report, p. 32); that SABAM argues that "reference to encryption for peer-to-peer is improper" since "widespread access to a peer-to-peer network necessarily implies that the content of any file sought on the network be readable by all [internet] participants. The reading and downloading of these files cannot be limited to a limited group of persons who would share a secret [password/key];"

That Scarlet Extended does not contest these technical considerations;

That, additionally and more fundamentally, it must be noted that the issue of future potential encryption cannot today be an obstacle to injunctive measures since this one is currently and technically possible and capable of producing a result, as it is in the case before this court; that the internet sector is constantly evolving; that in crafting injunctive relief, the judge cannot consider speculations about potential future technical developments, especially if these might also be subject to parallel adaptations concerning blocking and filtering measures, including among others, the Audible Magic's solution;

That finally the average cost of implementing these measures does not appear excessive; that, according to the expert, this estimated cost over a 3 year period (the time of amortization) and on the basis of the number of users on the order of 150,000 persons should not exceed 0.5 each month for each user;

That it results from the all above considerations that today

there exist possible effective technical measures to prevent the copyright infringements found in the 26 November 2004 judgment;

That, however, these measures could also have as secondary consequence to block certain authorized exchanges; that this circumstance that an injunctive measure affects a group of information [exchanges], of which some are not infringing (such as film, book, CD. . .) does not prevent, nevertheless, it [the court] from enforcing the injunction; that, as this court already found in its 26 November 2004 judgment, the injunction judge cannot, provided there is no abuse of law, refuse to grant the injunction on the grounds that the balance of interests disfavors the plaintiff (De Visscher & Michaux, Précis du droit d'auteur et des droits voisins, #635); that in this case Scarlet has not demonstrated that SABAM is abusing its rights by requesting such measures; that the only circumstance in which blocking would affect some legal content is insufficient to find an abuse of rights by SABAM;

Considering that SA Scarlet Extended disputes, nonetheless, this court's power to order an injunction by arguing that:

- the technical measures requested would lead to impose upon it [Scarlet] a general monitoring obligation for the totality of all "peer-to-peer" traffic, which would constitute an on-going obligation contrary to the legislation on electronic commerce (Directive 2000/31 and the [Belgian] law of 11 March 2003 implementing it),
- the installation of filtering measures may lead to the loss of the safe harbor from liability for mere conduit activities that technical intermediaries enjoy by virtue of Article 12 of Directive 2000/31,
- the technical measures requested in so far as they lead to "installing in a permanent and systematic way listening devices" will violate fundamental rights and, in particular, the rights to privacy, confidentiality of correspondence, and freedom of expression;

Considering that Directive 2000/31 of 8 June 2000, related to certain legal aspects of information society services, and in particular electronic commerce in the internal market, states, in its Article 15, that ". . . Member states shall not impose a general obligation on providers . . . to monitor the information which they transmit or store" (this clause was transposed into Belgian law by art. 21, §1 of the 11 March 2003 law related to certain legal aspects of information society services);

That Article 15, which is part of Section 4 of the Directive

related to "*Liability of intermediary service providers*," aims to prevent a national judge from imposing liability for breach by the service provider of a general monitoring obligation due only to the presence on its networks of illegal material (C. De Preter, "Wie Heeft Nog Tussenpersonen Onder De Wet Elektronische Handel," A&M, 2003, 256, 265);

That this provision that thus governs the issue of provider liability is, however, exclusively addressed to the judge of liability and has no impact on the present litigation since injunctive relief does not require any prior finding of negligence by the intermediary;

That Directive 2000/31 does not actually affect the power of the judge granting injunctive relief and does not limit the measures that can be taken by him against the service provider;

That the provisions of Directive 2000/31 related to the liability of intermediary service providers and governing the prohibition on imposing a general obligation to monitor "*should not preclude the development and effective operation, by the different interested parties, of technical systems of protection and identification and of technical surveillance instruments made possible by digital technology*" (see "whereas" clause 40 of the Directive);

That the injunctive relief does not require Scarlet to "monitor" its network;

That the solutions identified by the expert are "technical instruments" which are limited to blocking and filtering certain information transmitted on Scarlet's network; that they are not a general obligation to monitor its network;

That by granting the injunctive relief requested, this court does not consequently order any measure contrary to Article 15 of Directive 2000/31 (See F. Petillion, note sous civ. Bruxelles (cess), 26 novembre 2004, Computerrecht, 2005, p. 65, specifically p. 71).

Considering, moreover, that Scarlet wrongfully considers that this injunction would result in its loss of the safe harbor from liability contained in Article 12 of Directive 2000/31 (Article 18 of the Belgian law of 11 March 2003) that benefits a provider of mere conduit or access to the internet conditioned upon it neither selecting nor modifying the information being transmitted;

That in accordance with "whereas" clause 45 of Directive 2000/31, "*the limitations of the liability of intermediary service providers established in this Directive do not affect the possibility of injunctions of different kinds; such injunctions can in particular consist of orders by court . . . requiring the termination or prevention of any infringement, including the removal of illegal information or the disabling of access to it.*"

That the only fact that the filtering technical instrument would not filter some infringing works belonging to the SABAM repertoire does not imply in any way that those works would have been selected by Scarlet; that indeed the fact that one does not succeed in blocking some content does not imply that this content has been selected by the intermediary as long as this intermediary does not target the information to be provided to his clients; the filtering measure is purely technical and automatic, the intermediary having no role in the filtering;

That, furthermore, even assuming that Scarlet would lose the benefit exemption of liability, it does not necessarily follow that it would be found liable; it would still have to be proven that it was negligent; that such litigation would nevertheless fall within the sole competence of a judge of liability;

Considering, finally, that the filtering and blocking software applications do not as such process any personal information; that, like anti-virus or anti-spam software, they are simple technical instruments which today do not involve any activity implicating identification of internet users;

That, additionally, the law of 8 December 1992 on the protection of privacy in the context of processing personal information authorizes in its article 5(b) the processing of personal information necessary to the execution of a contract; that Scarlet's general [*contractual*] conditions, included in the contract between Scarlet and its subscribers, provide that the network is only authorized for purposes permitted by law and that it is particularly forbidden to establish a connection that violates copyright; that Scarlet reserves the right to impose sanction in cases where the subscriber breaches this commitment; that the installation of filtering and blocking software which would involve the identification of users in relation with filtering or blocking operations does not contravene the law of 8 December 1992;

That this court does not see moreover how the filtering and blocking software would violate the right of "confidential correspondence" or freedom of expression; Scarlet does not explain how they would;

Considering that, as a result of all the above considerations, the technically possible measures to prevent the copyright infringements found in the 26 November 2004 judgment do not contravene the provisions of law argued by Scarlet;

That consequently it is advisable to enforce the injunction order;

That a period of six (6) months to allow Scarlet to comply with the injunction appears reasonable; that according to the

information obtained by SABAM (folder X of its file), the time period to install the Audible Magic solution (the most complex solution) is, from the date of order [*of the equipment*], anywhere from 4 to 6 months;

That it is Scarlet's responsibility to communicate in writing to SABAM during this same six (6) month time period a description of the adopted measures;

That the daily fine [*ordered here*] is justified in principle to assure the efficacy of this injunctive decision; that only a serious financial penalty can effectively guarantee the voluntary execution of an order to do something; that this amount will nonetheless be reduced to 2,500 per day of delay after the expiration of the 6 month period;

Considering that the publication measure must actually contribute to the halt [*of the enjoined activity*]; that it is not the case in this instance; that, as a matter of fact, it has not been established that the publication of this judgment would have a more dissuading effect on Scarlet;

Considering finally that Scarlet argues that it should not have to bear financially the cost related to the technological measures to be installed so as to conform itself to the injunction since there is no legal basis nor any legal liability [*yet found*]; that, therefore, it argues that SABAM should pay the financial cost of any measure that it [*Scarlet*] should undertake;

That, in principle, it is not the role of the judge of injunctive relief to decide this issue; that it is enough for the judge to assess the existence of technically possible measures to avoid copyright infringement; that, once this assessment is done, he [*the judge*] cannot refuse, except for abuse of right, to grant the injunction; that the debtor [*ordered party*] under an injunction bears the financial cost of the measures to comply with it is a consequence of the injunction (see, by analogy, with Article 1248 Civil Code which makes the debtor responsible for paying the costs, i.e. the costs incurred by the execution of the obligation);

That, in any circumstance, it cannot reasonably be argued in this case (and Scarlet does not argue it) that SABAM would abuse its right by considering that the cost of technical measures should be borne by the debtor [*order party under the injunction*] of those measures, especially considering that the latter is, according to Directive 2001/29, "*the best person to end any copyright infringement*" and can reflect the cost (evaluated at 0.50 per month per user for 3 years) on internet users (whereas SABAM does not have this same possibility since it cannot identify the infringing internet users);

2. Counter-claim

Considering that S.A. Scarlet asks SABAM to be ordered to pay damages and interest for a frivolous and vexatious suit;

That it [*Scarlet*] considers that SABAM's complaint is only intended to harm it [*Scarlet*] in the sense that it [*SABAM*] has not filed suit against any other Internet suppliers who, with clearly larger market share, are equally involved and that no suit has been undertaken against the providers of peer-to-peer software;

Considering that the principal claim has been declared established, it [*the court*] sees nothing frivolous or vexatious and, thus, it [*the court*] eliminates [*the possibility*] that SABAM has acted with lightness and imprudence;

That, additionally, the fact that other ISP operators, or even peer-to-peer software providers or hosts of websites of those providers, could equally be subject to suit for injunctive relief does not affect SABAM's right to direct an action initially against only one ISP given that it has not been shown that in making this choice SABAM failed to act as a prudent and diligent plaintiff;

That, for understandable financial reasons, SABAM could have felt it appropriate, as a first step, to limit its action to one single ISP;

ON THESE GROUNDS

We, C. Heilporn, designated judge to replace the presiding judge of the district court of Brussels;

Assisted by Wansart, the deputy court clerk;

By virtue of the law of 15 June 1935 on the use of languages in judicial matters;

Deciding after hearing the two sides' arguments;

Rejecting all other conclusions, broader or contrary;

Decide that the principal claim is well founded within the following limits;

Order S.A. Scarlet Extended to stop the copyright infringements found in the 26 November 2004 judgment by making impossible any form of sending or receipt by its clients, by means of "peer to peer" software, of electronic files containing

musical works that are part of the SABAM repertoire, under penalty of 2,500 per day where Scarlet does not respect this judgment after a 6 month deadline from notification;

Order S.A. Scarlet Extended to communicate in writing to SABAM within the 6 month deadline from notification of this judgment, a description of the measures that it will apply in accordance with this judgment;

Reject the remainder of SABAM's claims;

State that the counter-claim is admissible, but not proven;
[*And*] therefore, non-suit S.A. Scarlet;

Order S.A. Scarlet to pay costs to the plaintiff in the sum of 253.86 + 233.03 + the amount of the expert evaluation not paid, in lieu of the state, and for the defendant in the amount of 233.03;

As decided and announced at a public hearing on 29 June 2007

[Signed]:
Wansart

Heilporn