Reports of Cases

JUDGMENT OF THE COURT (Fifth Chamber)

18 December 2019*

(Reference for a preliminary ruling — Intellectual property — Enforcement of intellectual property rights — Directive 2004/48/EC — Legal protection of computer programs — Directive 2009/24/EC — Software licence agreement — Unauthorised modification of the source code of a computer program by a licensee in breach of the licence agreement — Action for infringement brought by the author of the program against the licensee — Nature of the applicable liability regime)

In Case C-666/18,

REQUEST for a preliminary ruling under Article 267 TFEU from the cour d'appel de Paris (Court of Appeal, Paris, France), made by decision of 16 October 2018, received at the Court on 24 October 2018, in the proceedings

IT Development SAS

v

Free Mobile SAS,

THE COURT (Fifth Chamber),

composed of E. Regan, President of the Chamber, I. Jarukaitis (Rapporteur), E. Juhász, M. Ilešič and C. Lycourgos, Judges,

Advocate General: M. Campos Sánchez-Bordona,

Registrar: A. Calot Escobar,

having regard to the written procedure,

after considering the observations submitted on behalf of:

– IT Development SAS, by B. Lamon, avocat,

– Free Mobile SAS, by J. Fréneaux, avocat,

– the French Government, by R. Coesme, A.-L. Desjonquères and A. Daniel, acting as Agents,

– the European Commission, by É. Gippini Fournier, S.L. Kalėda and J. Samnadda, acting as Agents,

after hearing the Opinion of the Advocate General at the sitting on 12 September 2019,

* Language of the case: French.

gives the following

Judgment

1 This request for a preliminary ruling concerns the interpretation of Directive 2004/48/EC of the European Parliament and of the Council of 29 April 2004 on the enforcement of intellectual property rights (OJ 2004 L 157, p. 45, and corrigenda OJ 2004 L 195, p. 16 and OJ 2007 L 204, p. 27), and Article 4 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 request has been made in proceedings between
IT Development SAS and Free Mobile SAS concerning the alleged infringement of the copyright of a software package and the resulting damage.

Legal context

European Union law

Directive 2004/48

3 Recitals 10, 13 and 15 of Directive 2004/48 state:

‘(10) The objective of this Directive is to approximate [the laws of the Member States] so as to ensure a high, equivalent and homogeneous level of protection in the Internal Market.

…

(13) It is necessary to define the scope of this Directive as widely as possible in order to encompass all the intellectual property rights covered by [EU law] provisions in this field and/or by the national law of the Member State concerned. …

…

(15) This Directive should not affect substantive law on intellectual property …’

4 Article 1 of that directive, which defines the purpose of the directive, reads as follows:

‘This Directive concerns the measures, procedures and remedies necessary to ensure the enforcement of intellectual property rights. …’

5 Article 2 of that directive, entitled ‘Scope’, provides:

‘1. Without prejudice to the means which are or may be provided for in [EU] or national legislation, in so far as those means may be more favourable for rightholders, the measures, procedures and remedies provided for by this Directive shall apply, in accordance with Article 3, to any infringement of intellectual property rights as provided for by [EU] law and/or by the national law of the Member State concerned.

…

3. This Directive shall not affect:

(a) the [EU] provisions governing the substantive law on intellectual property …

…'

6 Article 3 of Directive 2004/48, entitled 'General obligation', provides:

'1. Member States shall provide for the measures, procedures and remedies necessary to ensure the enforcement of the intellectual property rights covered by this Directive. Those measures, procedures and remedies shall be fair and equitable and shall not be unnecessarily complicated or costly, or entail unreasonable time limits or unwarranted delays.

2. Those measures, procedures and remedies shall also be effective, proportionate and dissuasive and shall be applied in such a manner as to avoid the creation of barriers to legitimate trade and to provide for safeguards against their abuse.'

7 Article 4 of that directive, entitled 'Persons entitled to apply for the application of the measures, procedures and remedies', reads as follows:

'Member States shall recognise as persons entitled to seek application of the measures, procedures and remedies referred to in this Chapter:

(a) the holders of intellectual property rights, in accordance with the provisions of the applicable law;

…'

Directive 2009/24

8 According to recital 15 of Directive 2009/24:

'The unauthorised reproduction, translation, adaptation or transformation of the form of the code in which a copy of a computer program has been made available constitutes an infringement of the exclusive rights of the author. …'

9 Article 1(1) of Directive 2009/24, which defines the purpose of that directive, provides:

'In accordance with the provisions of this Directive, 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. …'

10 Article 4 of that directive, entitled '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:

…

(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;

…'

11 Article 5 of that directive, entitled '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.'

12 According to the first paragraph of Article 8 of Directive 2009/24, the provisions of that directive are without prejudice to any other legal provisions such as those concerning, inter alia, the law of contract.

French law

13 Article L. 112-2 of the code de la propriété intellectuelle (Intellectual Property Code) provides:

'The following, in particular, shall be considered works of the mind within the meaning of this Code:

…

(13) Software, including preparatory design material;

…'

14 Under Article L. 122-6 of that code:

'Subject to the provisions of Article L.122-6-1, the right of exploitation right held by the author of a software package shall include the right to do and to authorise:

(1) the permanent or temporary reproduction of a software package …;

(2) the translation, adaptation, arrangement or any other alteration of a software package and the reproduction of the resultant software;

…'

15 Article L. 122-6-1 of that code provides:

'I. The acts provided for in Article L.122-6(1) and (2), including the correction of errors, shall not be subject to authorisation by the author where they are necessary to allow the software to be used, in accordance with its intended purpose, by the person entitled to use it.

However, the author may reserve for himself by contract the right to correct errors and to determine the specific conditions to which shall be subject the acts provided for in Article L.122-6(1) and (2), which are necessary to allow the entitled person to use the software, in accordance with its intended purpose.

…'

16 The second paragraph of Article L. 335-3 of that code reads as follows:

'A breach of any of the rights which the author of a software package holds under Article L.122-6 shall also constitute an infringement of copyright.'

The dispute in the main proceedings and the question referred for a preliminary ruling

17 By a contract of 25 August 2010, amended by an addendum of 1 April 2012, IT Development granted a licence to and concluded a maintenance agreement with the company Free Mobile, a mobile phone operator offering mobile phone packages on the French market, for the 'ClickOnSite' software package, centralised project management software designed to enable Free Mobile to organise and monitor in real time the progress made by its teams and external technical service providers in deploying all its radiotelephone antennae.

18 By document of 18 June 2015, IT Development brought proceedings against Free Mobile before the tribunal de grande instance de Paris (Regional Court, Paris, France) for infringement of the copyright of the ClickOnSite software package and seeking compensation for its loss. IT Development alleged that Free Mobile had modified the software, in particular by creating new forms. In addition to the substantive nature, in IT Development's opinion, of those modifications, it argued, in particular, that Free Mobile did not have the right to make such modifications because the provisions of Article 6 of the licence agreement, entitled 'Scope of the licence', stated, in essence, that the customer expressly undertakes not to reproduce, directly or indirectly, the software package, to decompile and/or carry out retro-engineering operations on it, as well as to modify, correct, adapt, create second works and add, directly or indirectly, to that software.

19 Free Mobile brought a counterclaim for abuse of process and argued that IT Development's claims were inadmissible and unfounded.

20 By judgment of 6 January 2017, the Tribunal de grande instance de Paris (Regional Court, Paris) declared the claims brought by IT Development based on Free Mobile's tortious liability inadmissible, dismissed Free Mobile's claim for damages and interest for abuse of process and ordered IT Development to pay the costs. That court held that there are two separate sets of rules relating to liability in intellectual property matters, one being tortious liability in the event of infringement of the exploitation rights of the author of the software, as determined by law, the other being contractual liability in the event of infringement of a copyright reserved by contract, and that, in the present case, Free Mobile was clearly alleged to have failed to perform its contractual obligations, providing a basis for an action for contractual liability, and not for the tortious act of infringement of software copyright.

21 IT Development brought an appeal against that judgment before the cour d'appel de Paris (Court of Appeal, Paris, France), requesting the latter to refer a question to the Court of Justice for a preliminary ruling, to set aside the judgment at first instance and to declare the infringement proceedings which it had brought to be admissible. IT Development also seeks a declaration that the modifications to the software made by Free Mobile constitute copyright infringements, that Free Mobile be ordered to pay IT Development the sum of EUR 1 440 000 as compensation for the damage suffered and, in the alternative, that Free Mobile be ordered, on a contractual basis, to pay IT Development the sum of EUR 840 000 as compensation for that damage. It also requests, in any event, that Free Mobile and its subcontractor, Coraso, be prohibited from using the software and from extracting and reusing the data from it.

22 Free Mobile requests the cour d'appel de Paris (Court of Appeal, Paris) in particular, to uphold the provisions of the judgment at first instance, to order IT Development to pay it the sum of EUR 50 000 by way of damages and interest for abuse of process and to declare all IT Development's claims inadmissible and in any event unfounded.

23 The referring court states that French civil liability law is based on the principle of non-cumulation, which means that, first, one person cannot hold another person liable in contract and tort for the same acts, and that, second, tortious liability is excluded in favour of contractual liability where those persons are bound by a valid contract and the damage suffered by one of them results from

non-performance or improper performance of a contractual obligation. In addition, the referring court states that, under French law, copyright infringement, originally a criminal offence, is based on tortious liability but that, under that law, there is no provision under which such an infringement cannot exist where there is a contract binding the parties. In that respect, for example, infringement proceedings could be brought against a licensee who has infringed the limits of his contract in patent and trade mark matters.

24 However, the referring court points out that Article 2 of Directive 2004/48, which defines the scope of that directive, provides in general terms that the measures, procedures and remedies which it provides for are to apply to any infringement of intellectual property rights, without distinguishing between whether or not such infringement results from the non-performance of a contract.

25 In those circumstances, the cour d'appel de Paris (Court of Appeal, Paris) decided to stay the proceedings and to refer the following question to the Court of Justice for a preliminary ruling:

'Does a software licensee's non-compliance with the terms of a software licence agreement (by expiry of a trial period, by exceeding the number of authorised users or some other limit, such as the number of processors which may be used to execute the software instructions, or by modifying the source code of the software where the licence reserves that right to the initial rightholder) constitute:

– an infringement (for the purposes of Directive [2004/48]) of a right of the author of the software that is reserved by Article 4 of Directive [2009/24] on the legal protection of computer programs,

– or may it comply with a separate system of legal rules, such as the system of rules on contractual liability under ordinary law?'

Consideration of the question referred

26 As a preliminary point, it should be observed that, according to settled case-law, in the procedure laid down by Article 267 TFEU providing for cooperation between national courts and the Court of Justice, it is for the latter to provide the national court with an answer which will be of use to it and enable it to determine the case before it. To that end, the Court may have to reformulate the questions referred to it (judgments of 28 June 2018, *Crespo Rey*, C-2/17, EU:C:2018:511, paragraph 40, and of 26 September 2019, *UTEP 2006.*, C-600/18, EU:C:2019:784, paragraph 17 and the case-law cited).

27 In the present case, it appears from the file before the Court that the issue in the main proceedings concerns the application of the principle of non-cumulation, on the basis of which tortious liability must be excluded where an action such as that in the main proceedings is based on the alleged breach of contractual obligations and not on acts of infringement of a tortious nature.

28 As the referring court indicated, that principle of French law implies that, first, one person cannot hold another person liable in contract and tort for the same acts, and that, second, tortious liability is excluded in favour of contractual liability where those persons are bound by a valid contract and the damage suffered by one of them results from non-performance or improper performance of a contractual obligation.

29 The referring court also noted that, under French law, copyright infringement is a criminal offence usually based on tortious liability and not on non-performance of a contract. In addition, the French Government states in its written observations that the term 'copyright infringement' constitutes the translation into French law of the expression 'infringement of intellectual property rights' within the meaning of Directive 2004/48, so that the rules of French law relating to infringement proceedings constitute the transposition of that directive.

30 In the light of the foregoing, it must be considered that, by its question, the referring court asks, in essence, whether Directives 2004/48 and 2009/24 must be interpreted as meaning that the breach of a clause in a licence agreement for a computer program relating to the intellectual property rights of the owner of the copyright of that program falls within the concept of 'infringement of intellectual property rights', within the meaning of Directive 2004/48, and that, therefore, that owner must be able to benefit from the guarantees provided for by that directive, regardless of the liability regime applicable under national law.

31 It is important to note that the referring court lists, in the question referred, several possible forms of breach of a software licence agreement, namely a software licensee not complying with the expiry of a trial period, exceeding the number of authorised users or another limit such as the number of processors which may be used to execute the software instructions, or modifying the source code of the software where the licence reserves that right to the original rightholder. In the main proceedings, only the last of those situations is at issue, therefore reference should be made only to that in the present case.

32 With regard to Directive 2009/24, which establishes the substantive rights of authors of computer programs, it should be noted that Member States are required, under Article 1 of that directive, to protect computer programs by copyright as literary works. Under Article 4 of that directive, the exclusive rights of the holder of those programs which must be protected by the Member States include, subject to certain exceptions which it provides, inter alia, the right to do or authorise the translation, adaptation, arrangement and any other alteration of a computer program. The prohibition on modifying the source code of a software package therefore falls within the copyright of a computer program for which Directive 2009/24 provides protection. It should be added that, under Article 3 of that directive, such protection is to be granted to all natural or legal persons eligible under national copyright legislation as applied to literary works.

33 It follows that Directive 2009/24 does not make the protection of the rights of the owner of the copyright of a computer program dependent on whether or not the alleged infringement of those rights is a breach of a licence agreement.

34 In that regard, it should be noted that recital 15 of that directive merely states that the adaptation or transformation of the code in which a copy of a computer program has been made available constitutes an 'infringement of the exclusive rights of the author', without any indication as to the origin, whether contractual or otherwise, of that infringement.

35 As regards Directive 2004/48, it provides for, as is clear from recitals 10 and 15 and Article 1, the measures, procedures and remedies necessary to ensure the enforcement of intellectual property rights, including the rights covered by Directive 2009/24.

36 According to Article 2(1) of Directive 2004/48, that directive applies to 'any infringement of intellectual property rights'. It is apparent from the wording of that provision, in particular from the adjective 'any', that that directive must be interpreted as also covering infringements resulting from the breach of a contractual clause relating to the exploitation of an intellectual property right, including that of an author of a computer program.

37 That finding is confirmed by both the objectives of Directive 2004/48 and the context in which Article 2(1) of that directive occurs, which must be taken into account, according to the Court's settled case-law, when interpreting that provision (see, to that effect, judgment of 26 May 2016, *Envirotec Denmark*, C-550/14, EU:C:2016:354, paragraph 27 and the case-law cited).

38 As regards, first of all, the objective of Directive 2004/48, it is clear from recitals 10 and 13 of that directive, respectively, that that objective is to approximate the laws of the Member States so as to ensure a high, equivalent and homogeneous level of protection of intellectual property in the internal

market and that the scope of that directive must be defined as widely as possible in order to encompass all the intellectual property rights covered by the provisions of EU law in that field or by the national law of the Member State concerned.

39 Furthermore, the Court has held that the objective pursued by Directive 2004/48 is that the Member States should ensure, especially in the information society, effective protection of intellectual property (see, to that effect, judgment of 12 July 2011, *L'Oréal and Others*, C-324/09, EU:C:2011:474, paragraph 131).

40 It is also apparent from the Court's case-law that the provisions of that directive are intended to govern the aspects of intellectual property rights related, first, to the enforcement of those rights and, second, to infringement of them, by requiring that there must be effective legal remedies designed to prevent, terminate or rectify any infringement of an existing intellectual property right (see, to that effect, judgment of 10 April 2014, *ACI Adam and Others*, C-435/12, EU:C:2014:254, paragraph 61 and the case-law cited).

41 Next, with regard to the context of Article 2(1) of Directive 2004/48, Article 4 of that directive provides that any holder of intellectual property rights is entitled to request the application of the measures, procedures and remedies referred to therein, in accordance with the provisions of the applicable law. The possibility of making such a request is not subject to any limitation as to the origin, contractual or otherwise, of the infringement of those rights.

42 In view of the foregoing, it must be noted that the infringement of a clause in a licence agreement for a computer program concerning the intellectual property rights of the owner of the copyright of that program falls within the concept of 'infringement of intellectual property rights' within the meaning of Directive 2004/48 and that, consequently, that owner must be able to benefit from the guarantees provided for in that directive.

43 However, although Directive 2004/48 aims to establish measures, procedures and remedies for holders of intellectual property rights, including the copyright of computer programs provided for in Directive 2009/24, Directive 2004/48 does not lay down the exact means of implementation of those guarantees and does not lay down the application of a specific liability regime in the event of infringement of those rights.

44 It follows that the national legislature remains free to lay down the specific practical arrangements for protecting those rights and to define, in particular, the nature, whether contractual or tortious, of the action available to the holder of those rights, in the event of infringement of his intellectual property rights, against a licensee of a computer program. However, it is essential that in all cases the requirements of Directive 2004/48 are respected.

45 In the latter regard, it is clear, in particular, from Article 3 of that directive that the measures, procedures and remedies necessary to ensure the enforcement of intellectual property rights must be fair and equitable and must not be unnecessarily complicated or costly, or entail unreasonable time limits or unwarranted delays. They must also be effective, proportionate and dissuasive and be applied in such a manner as to avoid the creation of barriers to legitimate trade and to provide for safeguards against their abuse.

46 It follows from the foregoing that the determination of the liability regime applicable in the event of infringement of the copyright of a computer program by a licensee of that program falls within the competence of the Member States. However, the application of a particular liability regime should in no way constitute an obstacle to the effective protection of the intellectual property rights of the owner of the copyright of that program as established by Directives 2004/48 and 2009/24.

47 In the present case, the referring court states that no provision of national law relating to copyright infringement expressly provides that that infringement may be invoked only in cases where the parties are not bound by a contract. It also notes that copyright infringement is defined, in its broadest sense, as an infringement of an intellectual property right, including an infringement of one of the copyrights of a computer program.

48 In that regard, according to the settled case-law of the Court of Justice, the national court is required, under the principle that national law must be interpreted in conformity with EU law, to the greatest extent possible, to interpret national law in conformity with the requirements of EU law and to thus ensure, within the limits of its jurisdiction, the full effectiveness of EU law when it determines the dispute before it. That principle requires the national court to consider national law as a whole in order to assess to what extent it may be applied so as not to produce a result contrary to that sought by EU law (see, to that effect, judgments of 19 December 2013, *Koushkaki*, C-84/12, EU:C:2013:862, paragraphs 75 and 76, and of 24 June 2019, *Popławski*, C-573/17, EU:C:2019:530, paragraph 55). It appears, in the light of the factors indicated in the previous paragraph and subject to verification by the referring court, that an interpretation of national law in conformity with the requirements of Directives 2004/48 and 2009/34 is possible in the present case.

49 In the light of all the foregoing, the answer to the question referred is that Directives 2004/48 and 2009/24 must be interpreted as meaning that the breach of a clause in a licence agreement for a computer program relating to the intellectual property rights of the owner of the copyright of that program falls within the concept of 'infringement of intellectual property rights', within the meaning of Directive 2004/48, and that, therefore, that owner must be able to benefit from the guarantees provided for by that directive, regardless of the liability regime applicable under national law.

Costs

50 Since these proceedings are, for the parties to the main proceedings, a step in the action pending before the referring 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 (Fifth Chamber) hereby rules:

Directive 2004/48/EC of the European Parliament and of the Council of 29 April 2004 on the enforcement of intellectual property rights and 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 breach of a clause in a licence agreement for a computer program relating to the intellectual property rights of the owner of the copyright of that program falls within the concept of 'infringement of intellectual property rights', within the meaning of Directive 2004/48, and that, therefore, that owner must be able to benefit from the guarantees provided for by that directive, regardless of the liability regime applicable under national law.

[Signatures]