

Advisory Committee on Enforcement

Ninth Session

Geneva, March 3 to 5, 2014

PRACTICE AND FUNCTIONING OF EXTRA-JUDICIAL COPYRIGHT AND RELATED RIGHTS DISPUTE-RESOLUTION SYSTEMS IN SPAIN

*prepared by Raúl Rodríguez Porrás, Senior Legal Advisor and Secretary of the First Section of the Intellectual Property Commission, Deputy Directorate General for Intellectual Property, Spain**

I. INTRODUCTION TO EXTRA-JUDICIAL COPYRIGHT AND RELATED RIGHTS DISPUTE-RESOLUTION SYSTEMS

1. In the past few years, the trend to create extra-judicial dispute-resolution mechanisms has become established, both at the international level, through so-called alternative methods of dispute resolution (ADRs), and at the regional level (in the case of the European Union (EU)) as a result of the publication in 2002, by the European Commission, of the Green Paper on alternative dispute resolution in civil and commercial law. At the time, the Green Paper highlighted the importance in policy terms of the objective of promoting flexible dispute-prevention and resolution mechanisms, stating that the above-mentioned ADRs "...are an integral part of the policies aimed at improving access to justice and are crucial to the achievement of social harmony." The promotion of the above-mentioned objectives was the subject of *Directive 2008/52/EC of the European Parliament and of the Council, of 21 May 2008, on certain aspects of mediation in civil and commercial matters*, which has already been transposed in the various EU Member States.

2. Cognizant of the creation of said dispute-resolution mechanisms, Spain has developed the corresponding legislation through *Law 60/2003 of December 23, 2003, governing*

* The views expressed in this document are those of the author and not necessarily those of the Secretariat or of the Member States of WIPO.

arbitration, repealing *Law 36/1988 of December 5, 1988, governing arbitration*, as well as the more recent *Law 5/2012 of July 6, 2012, on mediation in civil and commercial matters*, the main purpose of which is to offer, through the medium of mediation, an alternative to the judicial process or to arbitration.

3. Copyright and related rights have traditionally been viewed as a highly contentious subject. Thus, the WIPO Arbitration and Mediation Center was established in 1994 with the aim of promoting international dispute resolution through arbitration and mediation concerning matters related to technology and copyright and related rights. Ever since its creation, the Center has worked intensively in this field.

4. The EU has also recalled the usefulness of mechanisms such as mediation concerning the resolution of disputes involving copyright and related rights. Thus, recital 46 of *Directive 2001/29/EC of the European Parliament and of the Council, of 22 May 2001, on the harmonization of certain aspects of copyright and related rights in the information society*, states that "Recourse to mediation could help users and right holders to settle disputes". More concretely, point 3.5.2 of the *Communication from the Commission to the Council, the European Parliament and the European Economic and Social Committee on the Management of Copyright and Related Rights in the Internal Market*, on the relation of management bodies to users, states that "it is essential for users to be in a position to contest the tariffs, be it through access to the courts, specially created mediation tribunals or with the assistance of public authorities which supervise the activities of collecting societies".

5. Domestically, Spain has also been affected by the above-mentioned high level of copyright and related rights disputes, making it necessary to react in anticipation of the above-mentioned general extra-judicial dispute resolution regulations, which can serve as a reference in a general context but which require *ad hoc* regulations to tackle dispute resolution in a field as specific as the one referred to above.

II. EXTRA-JUDICIAL COPYRIGHT AND RELATED RIGHTS DISPUTE-RESOLUTION BODIES IN SPAIN: POWERS, COMPOSITION AND PRACTICE

A. POWERS AND FUNCTIONING OF DISPUTE-RESOLUTION BODIES

6. What follows is an analysis of the extra-judicial copyright and related rights dispute-resolution body in Spain, focusing on the various names under which it has operated and its historical development over the last few years.

The Intellectual Property Arbitration Commission

7. *Law 22/1987 of November 11, 1987*, established the Intellectual Property Arbitration Commission of the Ministry of Culture, whose implementing regulation, *Royal Decree 479/1989 of May 5, 1989*, governing the Commission's organization and functioning, stipulates that said Commission would be responsible for resolving any disputes which might arise between copyright and related rights management bodies and user associations or broadcasting organizations as a result of the collective management of copyright and related rights, with regard to the grant of non-exclusive authorization, the signing of general contracts and the setting of general tariffs.

8. The established procedure before the above-mentioned Commission was both voluntary and based on arbitration, meaning that once the parties had submitted to the corresponding arbitration, the decision of the said body, which took the form of a judgment, was both binding and executive in nature, in accordance with the Law on Arbitration. Furthermore, disputes brought before the Commission and submitted to the arbitrators' decision could not be heard by judges or tribunals until a ruling had been issued and the party concerned had requested such intervention under the relevant exception.

9. The most relevant aspect of the regulations covering arbitration, and one which remains in place even today, is the Arbitration Commission's power to set an amount replacing the general tariffs. The determined amount is paid subject to reservation or is deposited with the competent legal body, it being understood that the corresponding authorization for the exploitation of a given copyright or related right has been granted.

The Intellectual Property Mediation and Arbitration Commission

10. Subsequently, and as a consequence of the incorporation into the Spanish law of the *Council Directive 93/83/EEC of 27 September 1993, on the coordination of certain rules concerning copyright and rights related to copyright applicable to satellite broadcasting and cable retransmission*, the Arbitration Commission was granted powers of mediation concerning disputes arising due to the failure to sign a contract authorizing cable retransmission. Said procedure was, and continues to be, voluntary in nature.

11. Thus, through the *Royal Legislative Decree 1/1996, of April 12, 1996, approving the consolidated text of the Law on Intellectual Property*, the Intellectual Property Mediation and Arbitration Commission of the Ministry of Culture was created, in order to exercise the functions of mediation and arbitration granted by the said Law; the Commission being, by nature, a professional body operating at the national level.

The Intellectual Property Commission

12. The second additional provision of *Law 23/2006, of July 7, 2006, amending the consolidated text of the Law on Intellectual Property, approved by Royal Legislative Decree 1/1996, of April 12, 1996* empowered the Government, through the Royal Decree, to amend, widen and develop the functions of the Intellectual Property Mediation and Arbitration Commission, necessarily including, *inter alia*, the functions of arbitration, mediation, the setting of amounts replacing tariffs and the resolution of disputes between copyright and related rights management bodies or between one or more copyright and related rights management bodies and one or more user associations or broadcasting organizations. The Intellectual Property Mediation and Arbitration Commission was renamed the Intellectual Property Commission, exercising its powers exclusively within the sphere of mediation and arbitration.

The First Section of the Intellectual Property Commission

13. Finally, the final provision 43^a four of *Law 2/2011, of March 4, 2011, on the Sustainable Economy*, amends the Consolidated Text of the Law on copyright and related rights, approved by the *Royal Legislative Decree 1/1996 of April 12, 1996*, establishing the First Section of the Intellectual Property Commission. Said Law merely serves to set forth in detail the previous functions of the Intellectual Property Commission in terms of mediation and arbitration and to establish concrete criteria for the setting of amounts replacing the general tariffs paid subject to reservation or deposited with the competent legal body within the framework of the arbitration

process. In this regard, the First Section assesses the criteria of effective use, by the user, of the actual repertoire of the owners and works or subject matter managed by the bodies and the relevance, and use within the context of the user's overall activity. In short, as a result of this latest amendment, the First Section of the Intellectual Property Commission has wide-ranging general functions in mediation and arbitration, as well as specific functions in mediation, cable retransmission, and arbitration, in the framework of the setting of replacement tariffs. In order for any mediation or arbitration proceeding to be initiated, the parties must be willing to take part.

B. COMPOSITION OF COPYRIGHT AND RELATED RIGHTS DISPUTE-RESOLUTION BODIES

14. Despite the names used (the Intellectual Property Arbitration Commission, the Intellectual Property Mediation and Arbitration Commission and the Intellectual Property Commission) and the various powers vested in the copyright and related rights dispute-resolution body, until the approval of *Law 2/2011, of March 4, 2011 on the Sustainable Economy*, said body was composed of a maximum of seven members, three of whom were neutral arbitrators selected from a list of recognized legal experts and appointed by the Ministry of Culture for a renewable period of three years. The four remaining members of the Commission were appointed to represent the management body and the user association or the broadcasting organization with regard to each of the cases submitted to the Commission for decision. Each of the parties to the dispute had the right to appoint up to two members.

15. In light of the above-mentioned *Law 2/2011, of March 4, 2011*, the Consolidated Text of the *Intellectual Property Law*, approved by *Royal Legislative Decree 1/1996, of April 12 1996* and its Implementing Regulations, approved by *Royal Decree 1889/2011, of December 30, 2011, governing the functioning of the Intellectual Property Commission*, provide that the First Section of the Intellectual Property Commission shall be composed of three full members, selected from a list of recognized copyright and related rights experts with experience or knowledge in economic law, and appointed by the Ministry of Culture at the suggestion of the Deputy Secretaries of the Ministries of Economy and Finance, Culture and Justice, for a period of three years, renewable once only. Furthermore, provision is made for the appointment of two alternate members per full member, appointed, in each case, by the relevant Ministry, to act as replacements in case of vacancy, absence, illness, or any other legitimate circumstance.

C. PRACTICE OF COPYRIGHT AND RELATED RIGHTS DISPUTE-RESOLUTION BODIES

16. Having analyzed the practice of the above-mentioned copyright and related rights dispute-resolution bodies, we have identified three distinct time periods:

Period covered by the Intellectual Property Arbitration Commission and the Intellectual Property Mediation and Arbitration Commission (1989-2006)

17. The experience in terms of the functioning of the Intellectual Property Arbitration Commission and the Intellectual Property Mediation and Arbitration Commission was less satisfactory than had been hoped owing to reticence on the part of the parties concerning submission to arbitration proceedings. Indeed, owing to the low level of use of arbitration proceedings, consideration was given to the possibility of widening the functions of the above-mentioned Commission and granting powers of a general nature in the area of mediation. The possibility of the Commission acquiring powers concerning the setting of general tariffs was also

advanced, given that not one single case of mediation or arbitration was submitted to the above-mentioned dispute-resolution body until 2006.

Period covered by the Intellectual Property Commission (2007-2011)

18. During this period, a turning point was reached with regard to the cases that began to be submitted to the Intellectual Property Commission. Through a voluntary mediation proceeding that was free of charge and that covered subject matter related to collective management, the parties qualified to initiate such proceedings (management bodies, user associations and cable retransmission companies) began to submit their disputes to the above-mentioned body on a voluntary basis.

19. Between 2007 and 2011, eight mediation proceedings were submitted to the Commission, of which four were finally initiated. The average duration of the proceedings initiated was five months, with an average of approximately four sessions being held for each proceeding.

20. An agreement was reached concerning one of the four proceedings initiated, although, as a result of the mediation proceeding to which they had submitted, the parties subsequently reached agreements among themselves.

21. Both management bodies representing owners of rights from the audiovisual, musical and books sectors, and associations of users of copyright and related rights from, *inter alia*, the leisure, tourism and education sectors (the main “clients” of the Intellectual Property Commission), have used the services of the Intellectual Property Commission.

22. In line with the experience concerning mediation proceedings submitted to the Intellectual Property Commission, and given the potential number of users affected through the associations that represent them and the economic nature of the possible solutions, it would be fair to conclude that such dispute-resolution proceedings are quite complex in nature. In most cases, not only was the Commission expected to resolve aspects of a given dispute arising after the date on which the dispute had been submitted, but there was also a desire to see parties resolve differences concerning the past, making it even more complicated to reach agreements. Moreover, the failure to set a maximum time period for the Commission to draft proposals for agreements meant that most of the cases submitted lasted a lot longer than would reasonably be expected in this type of proceedings. Furthermore, the fact that the proceeding was free of charge was deemed to be an incentive for the submission of cases to the Commission, there being no need to carry out a prior summary cost analysis. One drawback of this approach was that, at times, owing to the low cost of initiating proceedings, cases were submitted without an assessment of the admissibility of such submission or of its prospects for success.

23. Finally, with regard to arbitration proceedings, one proceeding was submitted which was ultimately not pursued owing to the lack of agreement on the part of one of the parties concerned.

Period covered by the First Section of the Intellectual Property Commission (2012-2013)

24. The practical experience of the functioning of the Intellectual Property Commission led to the amendment of certain of its governing provisions through the above-mentioned *Law 2/2011, of March 4, 2011, on the Sustainable Economy and the Royal Decree 1889/2011 of December 30, 2011*.

25. The main innovations include:

- the changing of the body's name to the First Section of the Intellectual Property Commission;
- the establishment of three specific types of proceeding (mediation, general arbitration and arbitration to set an amount replacing general tariffs), with time periods being set for each proceeding; and
- the transformation of a proceeding that was free of charge into one subject to payment based on public rates for the provision of the services of the First Section.

26. Of all the innovations highlighted above, the following stand out in terms of their importance: the setting of time periods and the transformation of a proceeding that was free of charge into one subject to payment. With regard to the time periods, in the case of mediation, the First Section must present a proposal for an agreement within a maximum period of approximately three months as from the beginning of the proceeding (declaration of admissibility of the proceeding). In the case of arbitration, the duration of the time period for issuing the corresponding ruling can be a maximum of six months as from the beginning of the proceeding (declaration of admissibility of the joint submission to arbitration, or following a response to the request for arbitration) extendable for a maximum period of two months should neither of the parties raise any objections. As for the cost per service provided, *Order ECD/576/2012, of March 16, 2012, setting public rates for the provision of the services of the First Section of the Intellectual Property Commission* governs the tariffs charged for the intervention of the said body. The following are the fees as they currently stand:

1. Mediation proceeding:

- a) Fees per declaration of admissibility of proceeding: 100 euros
- b) Fees per session: 1,316 euros

2. Arbitration proceeding:

- a) Fees per declaration of admissibility of proceeding: 100 euros
- b) Fees per session: 1,616 euros

27. Following the introduction of the above-mentioned changes, and despite the fact that the current system has only been fully operational since April 2012, owing to the minor necessary changes to regulations that had to be carried out as a result of the burdensome nature of the existing proceedings, five requests for mediation were submitted, of which only one resulted in the initiation of proceedings. Despite the fact that four of the proposed proceedings could not be initiated owing to the lack of a final agreement between the parties, it has been noted that not only user associations but also significant individual users themselves may be users/potential users of the First Section. With regard to the case submitted for mediation, three sessions were held over a period of two months but no final agreement was reached.

III. FUTURE APPROACH: POSSIBLE OPTIONS

28. Despite the changes carried out concerning copyright and related rights dispute-resolution bodies, the proceedings submitted to them and the solutions to disputes resulting from their intervention, the level of disputes between the parties concerned in the field of copyright and related rights remains high. Given that the current system of voluntary submission to the First Section has been deemed to be insufficient in terms of dispute resolution, and taking into

account the obvious difficulty with which parties submit to arbitration proceedings, much consideration has gone into possible ways of improving the situation. In this regard, the following solutions have been considered: the establishment of *ex-ante* supervisory measures through the establishment of greater obligations for management bodies, including measures concerning general tariffs; the introduction of dispute-resolution measures, including the setting of general tariffs with regard to certain rights; and, the strengthening of *ex-post* supervision with regard to a number of market-related aspects, in particular, the negotiating positions of the parties.

29. The Government has taken the above-mentioned process of reflection into account and, in an initial phase of the legislative reform process concerning the Law on copyright and related rights, has suggested that the powers of the First Section in terms of the setting of tariffs concerning certain collective management rights should be broadened. Under this plan, the First Section would set the amount of remuneration required for the use of works and other subject matter contained in the repertoire of the management bodies, the form of payment and other conditions required to enforce the collective management rights in question. Furthermore, consideration is being given to the idea of initiating proceedings at the request of a concerned management body, user association, broadcasting organization or particularly significant user, at the discretion of the Section, when there is no agreement between the parties, within a set time period as from the formal initiation of negotiations.

30. In short, there is a desire to ensure that willingness on the part of the parties remains the number one criterion when resolving copyright and related rights IP disputes. However, in the case of certain rights deemed to generate the most disputes, the Intellectual Property Commission now has the option, should negotiations fail, of intervening based on a set of legally-defined criteria and setting tariffs covering certain collective management rights, following a request by one of the parties to the dispute without an agreement necessarily existing between the parties concerning the initiation of the proceeding. As for the form in which the said intervention should take place, there is still a need to consider the design of intermediate phases that would contribute to the improvement of negotiations through the introduction of corrective measures concerning the parties to the dispute, or even a model for direct tariff and condition-setting which does not involve any intervention during the said intermediate phase. Mediation and arbitration channels remain open concerning any dispute which might arise within the framework of either voluntary or compulsory collective management.

31. Finally, it should be pointed out that, in addition to the First Section's role as a dispute-resolution body, there is a need for intervention by a supervisory body, involving either the relevant competent expert body or a form of cooperation between said expert body and the First Section itself, the aim being to seek balance during negotiations between the parties involved concerning rights.

IV. CONCLUSION

32. As pointed out in the present document, disputes over copyright and related rights continue to arise in Spain and, therefore, there is a need for a specialized copyright and related rights dispute-resolution body that provides an alternative to the classic judicial solution. Over the last few years, a number of proceedings have been designed based on the voluntary participation of the parties, the aim being to settle the above-mentioned disputes. In certain cases, mainly in the field of mediation, the system proposed has contributed to the resolution of disputes and the experience in that respect can therefore be deemed to be reasonably positive. However, it has been shown that voluntary participation does not seem, in itself, to have been

sufficient to achieve greater harmony with regard to subject matter of significant economic content. In this regard, while retaining the idea that the parties can reach an agreement through the *ad hoc* measures and proceedings provided for in Spanish copyright and related rights legislation, there is a need to put forward a basic reform based on which the First Section of the Intellectual Property Commission can, as a last resort, impose the measures it deems appropriate in order to direct its dispute-resolution work, in an environment marked by a high level of disputes which has a direct impact on economic sectors that are of importance to the national economy. All of these measures should complement the supervisory work which will have to be carried out when obvious imbalances arise between the parties during negotiations concerning the exploitation of copyright and related rights.

[End of document]