1. PURPOSE

The purpose of this consultation document is to review those elements in the Directive which, in line with the principles of proportionality and subsidiarity, allow for the Member State to implement these as appropriate within the specificities of that Member State.

This consultation shall be open until the 30th September 2020. Stakeholders and interested parties are being invited to submit their feedback to ipoffice@gov.mt. Where possible, feedback should be substantiated by evidence, case studies or statistical data.

All the information received shall be treated confidentially and processed subject to the Data Protection Act (CAP 586).

2. INTRODUCTION

Digital technologies have radically changed the way creative content is produced, distributed and accessed. The EU copyright rules are being adapted to new consumer behaviours in a Europe which values its cultural diversity.

Copyright ensures that authors, composers, artists, film makers and other creators receive recognition, payment and protection for their works. It rewards creativity and stimulates investment in the creative sector. 33 sectors of the EU economy are considered copyright-intensive\(^1\), accounting directly for over 7 million jobs, or 3% of employment in the EU.

The objectives of the Copyright in DSM Directive” are inter alia to:

- Increase cross-border access to content online

- Provide wider opportunities to use copyrighted materials in education, research and cultural heritage
- Have a better functioning copyright marketplace.

Malta, along with all the other Member States, is required to transpose this Directive into national legislation by 7 June 2021.

The full text of the directive may be found in the document entitled ANNEX 1 DIRECTIVE (EU) 2019/790 on copyright and related rights in the Digital Single Market. For the better understanding of certain terminologies and new definitions being introduced by this Directive, it is suggested that reference is made to Article 2 thereof.

In regards to the consultation itself the text of the specific articles of this Directive on which the Commerce Department is carrying out consultations is being reproduced followed by questions on particular elements within such articles. You are invited to answer immediately after each question.

In addition issues regarding the implementation of the Directive in general may be raised in answer to the last question.

Finally it is being pointed out that Article 17 of the Directive requires the Commission to organise a stakeholder dialogue to discuss best practices for cooperation between online content-sharing service providers and rightholders. The Commission has held several meetings with interested stakeholders in this regard. Stakeholders are reminded that Commission is currently requesting further input by 10th September 2020 on following link: **Targeted consultation on Article 17 of the Directive on Copyright in the Digital Single Market**

It is intended that the outcome of the discussions will feed into the preparation of the guidance notes that the Commission will issue pursuant to the Directive.
Section 1 - Legally permitted uses of works and other subject matter.

Article 3 - Text and data mining for the purposes of scientific research

Article 3 introduces a mandatory copyright exception for acts of text and data mining (TDM). The exception will allow research organisations and cultural heritage institutions to make copies of works in order to carry out text and data mining for the purposes of scientific research.

Article 3 – Text of Directive

1. Member States shall provide for an exception to the rights provided for in Article 5(a) and Article 7(1) of Directive 96/9/EC, Article 2 of Directive 2001/29/EC, and Article 15(1) of this Directive for reproductions and extractions made by research organisations and cultural heritage institutions in order to carry out, for the purposes of scientific research, text and data mining of works or other subject matter to which they have lawful access.

2. Copies of works or other subject matter made in compliance with paragraph 1 shall be stored with an appropriate level of security and may be retained for the purposes of scientific research, including for the verification of research results.

3. Rightholders shall be allowed to apply measures to ensure the security and integrity of the networks and databases where the works or other subject matter are hosted. Such measures shall not go beyond what is necessary to achieve that objective.

4. Member States shall encourage rightholders, research organisations and cultural heritage institutions to define commonly agreed best practices concerning the application of the obligation and of the measures referred to in paragraphs 2 and 3 respectively.

Article 3 – Elements on which feedback is being requested

Paragraph 2 of Article 3 refers to the storage of copies of works or other subject matter ‘with an appropriate level of security’.
In your opinion what constitutes an appropriate level of security?

Do you feel it will be more appropriate that research organisations and cultural heritage institutions themselves determine appropriate level of security when storing copies of works and other subject matter or do you think that the level of security should be defined through a set of guidelines which could eventually be prescribed? If your feel the latter path should be followed, what do you think should be included in said guidelines?
Article 4 - Exception or limitation for text and data mining

Article 4 creates an obligation to allow for the reproduction and extraction of lawfully accessible works for the purposes of text and data mining provided the works are not explicitly restricted by the rightholders.

Article 4 - Text of Directive

1. Member States shall provide for an exception or limitation to the rights provided for in Article 5(a) and Article 7(1) of Directive 96/9/EC, Article 2 of Directive 2001/29/EC, Article 4(1)(a) and (b) of Directive 2009/24/EC and Article 15(1) of this Directive for reproductions and extractions of lawfully accessible works and other subject matter for the purposes of text and data mining.

2. Reproductions and extractions made pursuant to paragraph 1 may be retained for as long as is necessary for the purposes of text and data mining.

3. The exception or limitation provided for in paragraph 1 shall apply on condition that the use of works and other subject matter referred to in that paragraph has not been expressly reserved by their rightholders in an appropriate manner, such as machine-readable means in the case of content made publicly available online.

Article 4 - Elements on which feedback is being requested

Paragraph 2 of Article 4 refers to the retention of reproductions and extractions ‘for as long as is necessary’.

Do you think that this term should be left in its generic meaning and the industry be allowed to regulate itself or would it be best to determine a specific timeframe?

If in your view a specific timeframe should be determined, what would in your opinion be considered a suitable timeframe that is ‘as long as is necessary’?
Article 5 - Use of works and other subject matter in digital and cross-border teaching activities

Article 5 provides for a mandatory copyright exception for the digital use of works for the sole purpose of illustration for teaching, provided such use a) takes place under the responsibility of an educational establishment, and b) is accompanied by indication of the source.

Article 5 - Text of Directive

1. Member States shall provide for an exception or limitation to the rights provided for in Article 5(a), (b), (d) and (e) and Article 7(1) of Directive 96/9/EC, Articles 2 and 3 of Directive 2001/29/EC, Article 4(1) of Directive 2009/24/EC and Article 15(1) of this Directive in order to allow the digital use of works and other subject matter for the sole purpose of illustration for teaching, to the extent justified by the non-commercial purpose to be achieved, on condition that such use:
   (a) takes place under the responsibility of an educational establishment, on its premises or at other venues, or through a secure electronic environment accessible only by the educational establishment's pupils or students and teaching staff; and (b) is accompanied by the indication of the source, including the author's name, unless this turns out to be impossible.

2. Notwithstanding Article 7(1), Member States may provide that the exception or limitation adopted pursuant to paragraph 1 does not apply or does not apply as regards specific uses or types of works or other subject matter, such as material that is primarily intended for the educational market or sheet music, to the extent that suitable licences authorising the acts referred to in paragraph 1 of this Article and covering the needs and specificities of educational establishments are easily available on the market.

Member States that decide to avail of the first sub-paragraph of this paragraph shall take the necessary measures to ensure that the licences authorising the acts referred to in paragraph 1 of this Article are available and visible in an appropriate manner for educational establishments.

3. The use of works and other subject matter for the sole purpose of illustration for teaching through secure electronic environments undertaken in compliance with the provisions of national law adopted pursuant to this Article shall be deemed to occur solely in the Member State where the educational establishment is established.

4. Member States may provide for fair compensation for rightholders for the use of their works or other subject matter pursuant to paragraph 1.
**Article 5 - Elements on which feedback is being requested**

Paragraph 2 of Article 5 contains a ‘may’ provision meaning that Member States *may* decide that the exception or limitation adopted pursuant to paragraph 1 does not apply at all or does not apply as regards specific uses or types of works or other subject matter, such as material that is primarily intended for the educational market or sheet music, as long as suitable licences authorising the acts covering the needs and specificities of educational establishments are easily available on the market.

In your opinion, should national legislation provide that as long as suitable licences authorising the acts covering the needs and specificities of educational establishments are easily available on the market, the exception or limitation adopted pursuant to paragraph 1:

a) is still to apply?

b) is not to apply at all? or

c) does not apply as regards specific uses or types of works or other subject matter, such as material that is primarily intended for the educational market or sheet music?

The Directive stipulates that Member States *may* provide that the exception or limitation in Article 5(1) does not apply or does not apply as regards specific uses or types of works or other subject matter to the extent that suitable licences authorising the acts referred to in paragraph 1 of Article 5 and covering the needs and specificities of educational establishments are easily available on the market. In such case Member States are to ensure that such licenses are ‘available and visible in an appropriate manner for educational establishments’.

In your opinion, how should these licences be made ‘available and visible’?

According to paragraph 4 of Article 5 a provision *may* be entered in national legislation to provide for fair compensation for rightholders whose works are used under this exception. In your opinion, should national legislation contain a provision for such fair compensation?

If you agree that a provision for fair compensation should be provided for in national legislation how do you think this compensation may be determined?
Article 8 - Use of out-of-commerce works and other subject matter by cultural heritage institutions

Article 8 - This article sets out rules for the collective management of out-of-commerce (OOC) works/subject matter in the permanent collections of cultural heritage institutions on the basis of non-exclusive licences for non-commercial purposes. It further provides for a fall-back exception for these institutions to make available such works/subject matter, for non-commercial purposes, subject to certain conditions and exclusions. The exception is a fall-back since it only applies to the extent that the conditions for collective management of OOC works are not met, e.g. because the relevant collective management organisation is not sufficiently representative.

Article 8 Text of Directive

1. Member States shall provide that a collective management organisation, in accordance with its mandates from rightholders, may conclude a non-exclusive licence for non-commercial purposes with a cultural heritage institution for the reproduction, distribution, communication to the public or making available to the public of out-of-commerce works or other subject matter that are permanently in the collection of the institution, irrespective of whether all rightholders covered by the licence have mandated the collective management organisation, on condition that:

   (a) the collective management organisation is, on the basis of its mandates, sufficiently representative of rightholders in the relevant type of works or other subject matter and of the rights that are the subject of the licence; and
   (b) all rightholders are guaranteed equal treatment in relation to the terms of the licence.

2. Member States shall provide for an exception or limitation to the rights provided for in Article 5(a), (b), (d) and (e) and Article 7(1) of Directive 96/9/EC, Articles 2 and 3 of Directive 2001/29/EC, Article 4(1) of Directive 2009/24/EC, and Article 15(1) of this Directive, in order to allow cultural heritage institutions to make available, for non-commercial purposes, out-of-commerce works or other subject matter that are permanently in their collections, on condition that:

   (a) the name of the author or any other identifiable rightholder is indicated, unless this turns out to be impossible;
and (b) such works or other subject matter are made available on non-commercial websites.

3. Member States shall provide that the exception or limitation provided for in paragraph 2 only applies to types of works or other subject matter for which no collective management organisation that fulfils the condition set out in point (a) of paragraph 1 exists.

4. Member States shall provide that all rightholders may, at any time, easily and effectively, exclude their works or other subject matter from the licensing mechanism set out in paragraph 1 or from the application of the exception or limitation provided for in paragraph 2, either in general or in specific cases, including after the conclusion of a licence or after the beginning of the use concerned.

5. A work or other subject matter shall be deemed to be out of commerce when it can be presumed in good faith that the whole work or other subject matter is not available to the public through customary channels of commerce, after a reasonable effort has been made to determine whether it is available to the public.

Member States may provide for specific requirements, such as a cut-off date, to determine whether works and other subject matter can be licensed in accordance with paragraph 1 or used under the exception or limitation provided for in paragraph 2. Such requirements shall not extend beyond what is necessary and reasonable, and shall not preclude being able to determine that a set of works or other subject matter as a whole is out of commerce, when it is reasonable to presume that all works or other subject matter are out of commerce.

6. Member States shall provide that the licences referred to in paragraph 1 are to be sought from a collective management organisation that is representative for the Member State where the cultural heritage institution is established.

7. This Article shall not apply to sets of out-of-commerce works or other subject matter if, on the basis of the reasonable effort referred to in paragraph 5, there is evidence that such sets predominantly consist of:

(a) works or other subject matter, other than cinematographic or audiovisual works, first published or, in the absence of publication, first broadcast in a third country;

(b) cinematographic or audiovisual works, of which the producers have their headquarters or habitual residence in a third country;
or (c) works or other subject matter of third country nationals, where after a reasonable effort no Member State or third country could be determined pursuant to points (a) and (b).

By way of derogation from the first subparagraph, this Article shall apply where the collective management organisation is sufficiently representative, within the meaning of point (a) of paragraph 1, of rightholders of the relevant third country.

Article 8 - Elements on which feedback is being requested

Paragraph 5 of Article 8 refers to works which are considered to be out of commerce after ‘a reasonable effort has been made to determine that the work in question is no longer available to the public’.

In your opinion, should the term ‘a reasonable effort’ be quantified?

If so, what would you consider as a ‘reasonable effort’? Please provide specific examples.

Paragraph 5 of Article 8 also provides that specific requirements may be established so as to determine whether works and other subject matter can be licensed in accordance with paragraph 1 of Article 8 or used under the exception or limitation provided for in paragraph 2 of Article 8.

In your view should specific requirements be included in national legislation and if so, what should these specific requirements consist of? E.g. should a certain period of time have elapsed since the work was first made commercially available or a cut-off date?

Paragraph 7 of Article 8 states that a collective management organisation (CMO) has to be sufficiently representative of rightholders in a particular type of work. In your view, should the term ‘sufficiently representative’ be specified in national legislation?
and in this case what would be the indicative criteria to show that the CMO is ‘sufficiently representative’ of its rightholders?
Section III – Collective licensing with an extended effect

Article 12 - Collective licensing with an extended effect

This part relates to the provision on measures to facilitate collective licensing with an extended effect (Article 12). Although specific references on extended collective licensing (ECL) could be found in previous directives, this is the first general provision on the matter in the EU acquis. Among the “safeguards” for ECL are the requirements of sufficient representation, equal treatment, opt-out, and information obligations vis-à-vis rights holders. Importantly, Article 12 does not affect the application of pre-existing ECL mechanisms and clearly demarcates this mechanism from mandatory collective management of rights.

Article 12 - Text of Directive

1. Member States may provide, as far as the use on their territory is concerned and subject to the safeguards provided for in this Article, that where a collective management organisation that is subject to the national rules implementing Directive 2014/26/EU, in accordance with its mandates from rightholders, enters into a licensing agreement for the exploitation of works or other subject matter:
   (a) such an agreement can be extended to apply to the rights of rightholders who have not authorised that collective management organisation to represent them by way of assignment, licence or any other contractual arrangement; or
   (b) with respect to such agreement, the organisation has a legal mandate or is presumed to represent rightholders who have not authorised the organisation accordingly.

2. Member States shall ensure that the licensing mechanism referred to in paragraph 1 is only applied within well-defined areas of use, where obtaining authorisations from rightholders on an individual basis is typically onerous and impractical to a degree that makes the required licensing transaction unlikely, due to the nature of the use or of the types of works or other subject matter concerned, and shall ensure that such licensing mechanism safeguards the legitimate interests of rightholders.

3. For the purposes of paragraph 1, Member States shall provide for the following safeguards:
   (a) the collective management organisation is, on the basis of its mandates, sufficiently representative of rightholders in the relevant type of works or other subject matter and of the rights which are the subject of the licence, for the relevant Member State;
(b) all rightholders are guaranteed equal treatment, including in relation to the terms of the licence.

4. This Article does not affect the application of collective licensing mechanisms with an extended effect in accordance with other provisions of Union law, including provisions that allow exceptions or limitations.

This Article shall not apply to mandatory collective management of rights.

Article 7 of Directive 2014/26/EU shall apply to the licensing mechanism provided for in this Article.

5. Where a Member State provides in its national law for a licensing mechanism in accordance with this Article, that Member State shall inform the Commission about the scope of the corresponding national provisions, about the purposes and types of licences that may be introduced under those provisions, about the contact details of organisations issuing licences in accordance with that licensing mechanism, and about the means by which information on the licensing and on the options available to rightholders as referred to in point (c) of paragraph 3 can be obtained. The Commission shall publish that information.

6. Based on the information received pursuant to paragraph 5 of this Article and on the discussions within the contact committee established in Article 12(3) of Directive 2001/29/EC, the Commission shall, by 10 April 2021, submit to the European Parliament and to the Council a report on the use in the Union of the licensing mechanisms referred to in paragraph 1 of this Article, their impact on licensing and rightholders, including rightholders who are not members of the organisation granting the licences or who are nationals of, or resident in, another Member State, their effectiveness in facilitating the dissemination of cultural content, and their impact on the internal market, including the cross-border provision of services and competition. That report shall be accompanied, if appropriate, by a legislative proposal, including as regards the cross-border effect of such national mechanisms.

Article 12 - Elements on which feedback is being requested

Article 12 provides that it is up to Member States to decide that:

- licensing agreements may be extended to apply to the rights of rightholders who have not authorised that collective management organisation to represent them by way of assignment, licence or any other contractual arrangement
- the collective management organisation has a legal mandate or is presumed to represent rightholders who have not authorised the organisation accordingly.
Taking into consideration Malta’s circumstances in this context, do you think that collective licensing with extended effect should be provided for in national legislation? Please provide reasons for your reply.

In case national legislation provides for collective licensing with extended effect, it is to be noted that the subsequent paragraphs of this article refer to a number of safeguards which have to be put in place in order to ensure the proper management of this mechanism.

In your opinion, how do you feel the implementation of these safeguards should be put into practice?
**Article 16 – Claims to fair compensation**

Article 16 introduces a claim for fair compensation for publishers. It applies to publishers in general, not just of press publications, but also publications of books, scientific publications and music publications. The new provision explicitly allows Member States to recognise for publishers a claim to a share of fair compensation due to authors in the context of an exception or limitation. The claim is triggered in cases where authors have transferred or licensed to publishers a right to a work the use of which gives rise to such fair compensation.

**Article 16 – Text of Directive**

Member States may provide that where an author has transferred or licensed a right to a publisher, such a transfer or licence constitutes a sufficient legal basis for the publisher to be entitled to a share of the compensation for the use of the work made under an exception or limitation to the transferred or licensed right.

The first paragraph shall be without prejudice to existing and future arrangements in Member States concerning public lending rights.

**Article 16 – Elements on which feedback is being requested**

With regard to article 16 do you think that national legislation should provide for the possibility for publishers to make a claim of a share of the fair compensation due to authors?

What criteria should be applied in order to establish the share of the compensation?
Please provide factual information to support your views
Article 19 – Transparency obligation

Article 19 provides for transparency obligations on the parties to whom works are licenced, requiring that they provide information on the exploitation of works ‘at least once a year’, including the modes of exploitation and all revenues generated and remuneration due. This will ensure that authors and performers have access to an increased level of information about the exploitation of their works and performances which is necessary to allow rightsholders to adequately and continuously assess their economic value.

Article 19 – Text of Directive

1. Member States shall ensure that authors and performers receive on a regular basis, at least once a year, and taking into account the specificities of each sector, up to date, relevant and comprehensive information on the exploitation of their works and performances from the parties to whom they have licensed or transferred their rights, or their successors in title, in particular as regards modes of exploitation, all revenues generated and remuneration due.

2. Member States shall ensure that, where the rights referred to in paragraph 1 have subsequently been licensed, authors and performers or their representatives shall, at their request, receive from sub-licensees additional information, in the event that their first contractual counterpart does not hold all the information that would be necessary for the purposes of paragraph 1. Where that additional information is requested, the first contractual counterpart of authors and performers shall provide information on the identity of those sub-licensees.

Member States may provide that any request to sub-licensees pursuant to the first subparagraph is made directly or indirectly through the contractual counterpart of the author or the performer.

3. The obligation set out in paragraph 1 shall be proportionate and effective in ensuring a high level of transparency in every sector. Member States may provide that in duly justified cases where the administrative burden resulting from the obligation set out in paragraph 1 would become disproportionate in the light of the revenues generated by the exploitation of the work or performance, the obligation is limited to the types and level of information that can reasonably be expected in such cases.

4. Member States may decide that the obligation set out in paragraph 1 of this Article does not apply when the contribution of the author or performer is not significant having regard to the overall work or performance, unless the author or performer
demonstrates that he or she requires the information for the exercise of his or her rights under Article 20(1) and requests the information for that purpose.

5. Member States may provide that, for agreements subject to or based on collective bargaining agreements, the transparency rules of the relevant collective bargaining agreement are applicable, on condition that those rules meet the criteria provided for in paragraphs 1 to 4.

6. Where Article 18 of Directive 2014/26/EU is applicable, the obligation laid down in paragraph 1 of this Article shall not apply in respect of agreements concluded by entities defined in Article 3(a) and (b) of that Directive or by other entities subject to the national rules implementing that Directive.

**Article 19 – Elements on which feedback is being requested**

With regard to paragraph 2 of Article 19, do you think that requests to sub-licensees to provide for additional relevant information on the exploitation of the rights should be made solely through the contractual counterpart of the author or the performer?

With regard to paragraph 3 of Article 19, do you feel that a provision should be entered in national legislation to provide that where the administrative burden resulting from the obligation of providing relative and comprehensive information of works and performances would become disproportionate in the light of the revenues generated by their exploitation, the obligation should be limited to the types and level of information that can reasonably be expected in such cases? If you agree that this provision should be made in national law please clarify what you consider to be an excessive burden by providing concrete examples of such cases where the obligations for providing relative and comprehensive information of works and performances was deemed as excessive or disproportionate?

With regard to paragraph 4 of Article 19, do you think that national legislation should provide that the obligations set out in paragraph 1 of this article should not apply when the contribution of the author or performer is not significant?

Should any criteria be used to determine that ‘the contribution of the author or performer is not significant’? If so, please suggest what criteria you feel can be considered to determine this.
With regard to paragraph 5 of article 19, do you agree that agreements based on collective bargaining agreements should be subject to the transparency rules of the relevant bargaining agreements? Please substantiate your answer with concrete examples and data where possible.
**Article 22 – Right of Revocation**

Article 22 addresses the ‘lack of exploitation’ of works by providing a mechanism that will allow authors or performers (after a reasonable time and upon appropriate notices and deadlines) to revoke in whole or part the license or transfer of rights when their works are not being exploited.

**Article 22 – Text of Directive**

1. Member States shall ensure that where an author or a performer has licensed or transferred his or her rights in a work or other protected subject matter on an exclusive basis, the author or performer may revoke in whole or in part the licence or the transfer of rights where there is a lack of exploitation of that work or other protected subject matter.

2. Specific provisions for the revocation mechanism provided for in paragraph 1 may be provided for in national law, taking into account the following:

   (a) the specificities of the different sectors and the different types of works and performances; and  
   (b) where a work or other subject matter contains the contribution of more than one author or performer, the relative importance of the individual contributions, and the legitimate interests of all authors and performers affected by the application of the revocation mechanism by an individual author or performer.

Member States may exclude works or other subject matter from the application of the revocation mechanism if such works or other subject matter usually contain contributions of a plurality of authors or performers. Member States may provide that the revocation mechanism can only apply within a specific time frame, where such restriction is duly justified by the specificities of the sector or of the type of work or other subject matter concerned.

Member States may provide that authors or performers can choose to terminate the exclusivity of the contract instead of revoking the licence or transfer of the rights.

3. Member States shall provide that the revocation provided for in paragraph 1 may only be exercised after a reasonable time following the conclusion of the licence or the transfer of the rights. The author or performer shall notify the person to whom the rights have been licensed or transferred and set an appropriate deadline by which the exploitation of the licensed or transferred rights is to take place. After the expiry of
that deadline, the author or performer may choose to terminate the exclusivity of the contract instead of revoking the licence or the transfer of the rights.

4. Paragraph 1 shall not apply if the lack of exploitation is predominantly due to circumstances that the author or the performer can reasonably be expected to remedy.

5. Member States may provide that any contractual provision derogating from the revocation mechanism provided for in paragraph 1 is enforceable only if it is based on a collective bargaining agreement

Article 22 – Elements on which feedback is being requested

Do you feel that there should be specific provisions for the revocation mechanism provided for in paragraph 1?

If the reply to the above is affirmative should

a) works or other subject matter be excluded from the application of the revocation mechanism if such works or other subject matter usually contain contributions of a plurality of authors or performers;
b) the revocation mechanism only apply within a specific time frame;
c) authors or performers be allowed to choose to terminate the exclusivity of the contract instead of revoking the licence or transfer of the rights?

What would you consider as an appropriate/reasonable timeframe before an author or performer can exercise the right to revoke access to his work?

Should any contractual provision derogating from the revocation mechanism provided for in paragraph 1 be enforceable only if it is based on a collective bargaining agreement?
4. INPUT ON OTHER ELEMENTS OF THE DIRECTIVE

Please put forward your comments on any other issue regarding the implementation of the Directive which you feel should be addressed.