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“Metall auf Metall” – German Federal Constitutional Court discusses the permissibility of sampling of music tracks”

Bunderverfassungsgericht BVerfG 1 BvR 1585/13- “*Metall auf Metall*”

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Abstract:

The German Federal Constitutional Court has delivered an important decision with regards to the permissibility of sampling which is widely used in hip hop and electronic music. With this decision, the Court ended a dispute that has been ongoing for almost 20 years. Furthermore, the Court has applied a fundamental rights discourse between the countervailing rights of the original authors and those of the new works using samples from the original works. The preceding courts found that sampling would constitute an infringement of the phonogram producer rights (Section 85 of the German Author’s Rights Act) where the samples could have been created independently. The German Constitutional Court, however, disagreed: By holding that sampling was a form of art protected by the fundamental right of artistic freedom and may outweigh the exploitation interest of the phonogram producer would only be impaired to a minimal extent by sampling.

Keywords:

Copyright Law, Germany, Fundamental Rights, Freedom of Arts, Music, Sampling

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I. INTRODUCTION

The underlying dispute of this decision has been keeping courts busy since 1999. It involved members from the German band “Kraftwerk” and the German Hip Hop artist/producer Moses Pelham. In 1997, Pelham wrote and produced the song “Nur mir” which was subsequently performed by the German artist Sabrina Setlur. The song uses a two second sample of the sound recording “Metall auf Metall” from Kraftwerk’s 1977 album “Trans Europa Express”. The used two second sample was slowed down by 5% and was continuously repeated (i.e. looped) throughout the entirety of “Nur Mir”. Pelham noted that he was not aware that this particular sequence derived from Kraftwerk’s track. Two members of Kraftwerk sued Pelham, a co-producer and the production company, claiming, *inter alia*, infringement of their phonogram producer’s right as provided within Section 85 (1) of the German Author’s Rights Act (Urhebergesetz; UrhG) for having used that particular sample without authorisation. The cases went twice to the German Federal High Court (Bundesgerichtshof; BGH). The dispute received considerable media coverage outside the usual IP circles and the Constitutional Court’s decision was mentioned in main stream news.¹

II. THE FACTS OF THE CASES

The initial proceedings were held before the District Court of Hamburg which held that there had been an infringement of Section 85 (1) UrhG.² This decision was appealed to the Higher District Court of Hamburg.³ While following the District Court’s verdict that Section 85 (1) UrhG had been infringed here, the Higher District Court mentioned in an *orbiter dictum* that using “tiniest portions” of a recording for the purpose of sampling may not constitute infringement. This would, however, not be given in the case at hand since a distinctive element of the recording “Metall auf Metall” was used.

The Higher District Court’s decision was appealed by Pelham and co: While agreeing with the outcome of the Higher District Court’s decision with regards to infringement, the competent German Federal High Court (Bundesgerichtshof; BGH) decided that it erred on several issues of the law. The BGH discarded that the Higher District Court held that tiniest

¹ <http://www.spiegel.de/kultur/musik/pelham-vs-kraftwerk-das-bedeutet-das-sampling-urteil-a-1094996.html> ; <http://www.zeit.de/kultur/musik/2016-05/verfassungsgericht-teilerfolg-fuer-moses-pelham-im-samples-streit> ; <http://www.taz.de/Urteil-zum-Sampling/!5305245/>

² Urteil des Landgerichts Hamburg vom 8. Oktober 2004 - 308 O 90/99

³ Urteil der Oberlandesgerichts Hamburg vom 07. Juni 2006 - 5 U 48/05

fragments of a recording may be taken without infringing.⁴ The BGH held that the right of the phonogram producer would exist irrespective of the quantity or quality of the sound incorporated on the recording. Any criteria relating as to whether a substantial or distinctive part had been taken would only lead to legal uncertainty. The BGH also held that the Higher District Court should have addressed whether a free use as regulated within Section 24 (1) UrhG could have been applied in favour of the appellants.⁵ The provision could generally be applied as a limitation to the exclusive rights of the phonogram producer, the BGH held.⁶ In the case at hand, however, Section 24 (1) UrhG would not be applicable. This is because the limitation would only apply in cases where an independent reproduction that sounded like the original sequence would be impossible.

The Higher District Court, who was again called upon, followed the BGH's guidance with regards to the applicability of Section 24 (1) UrhG in its subsequent decision. In its factual finding, however, it held that the defendants could not rely on the limitation provision: While the Court held that "Nur Mir" was an independent work with the sufficient distance from the original recording, it found that the other criterion mentioned by the BGH for Section 24 (1) UrhG to apply was not provided in this case. After hearing expert evidence on the matter the Court held that an average phonogram producer would have been able in the year 1997 to reproduce the sequence in question independently.

The BGH was yet again called to adjudicate on this matter.⁷ In its decision from 2015, it generally agreed with the findings of the Higher District Court of Hamburg. It held that the used sample would violate the exploitation right of the phonogram producer pursuant to Section 85 I UrhG. Additionally, the BGH analysed the involved fundamental rights surrounding Sections 85 (1) and 24 (1) UrhG - the guarantee of property⁸ on the one side and artistic freedom⁹ on other. The Court highlighted in favour of Pelham and co. that the use of samples has nowadays become commonplace in the music industry. However, the

⁴ Urteil des Bundesgerichtshofs vom 20. November 2008 - I ZR 112/06.

⁵ **Article 24 UrhG**

Free use

(1) An independent work created in the free use of the work of another person may be published or exploited without the consent of the author of the work used.

(This translation is taken from the German Ministry of Justice's online depository on German legislation "Gesetze im Internet") https://www.gesetze-im-internet.de/englisch_urhg/englisch_urhg.html#p0109

⁶ According to the wording of the provision it would allow the free use of works regulated within Section and not phonograms as such. The BGH, however, affirmed that Section 24 (1) UrhG could be applied here by means of an analogy as a limitation provision for the exclusive right of phonogram producers (Section 85 (1) UrhG).

⁷ Urteil des Bundesgerichtshofs vom 13. Dezember 2012 - I ZR 182/11 -.

⁸ Article 14 of the German Basic Law.

⁹ Article 5 (3)(1) of the German Basic Law

fundamental right of artistic freedom would not allow the use of someone else's work without consent and remuneration where it is possible to reproduce the sequence in question in a non-infringing manner. Additionally, artistic freedom could not be applied to permit artists to appropriate the achievements of third parties at the most reasonable conditions, especially as additional commercial interests are often involved. The Court argued that its approach would not create undue obstacles for cultural development.

The German Constitutional Court was finally called to adjudicate on this matter.¹⁰ By means of a constitutional complaint, the defendants of the civil litigation¹¹ argued that their fundamental rights, in particular artistic freedom, had been violated by the preceding court decisions. They argued that the prohibition to freely use even the tiniest pieces of other works would be a violation of their artistic freedom. This would make an artistic discourse with previously published works indispensable for today's electronic music impossible. They added that the violation of their artistic freedom would not be justified since the right of the phonogram producer only entails a right to an appropriate remuneration not a total monopoly over short sound sequences. The preceding court decisions have therefore not applied an art specific approach in their reasoning since they did not acknowledge the particularities in the creative process surrounding sampling. Rather, the approach conducted by the courts in relation to the reproducibility of the sequences was void since it would make it *de facto* impossible to use any sequence. On the other side, the complainants argued that the appropriation of works of third parties would be justified where this enriches culture. They underlined this statement with an interesting comparison with collages: These works would necessarily require inserting reproductions of other works within the new work while no one would oppose this art form, they argued.

Several organisations, such as the German Association for IP (GRUR), the German Music Council and even the German Government provided statements with regards to the dispute. An expert witness stated in the oral proceedings that the use of samples would be indispensable for hip hop music. Reproducing samples in order to avoid infringement as stipulated by disputed court decisions would generally not be a reasonable alternative for

¹⁰ Bunderverfassungsgericht BVerfG 1 BvR 1585/13.

¹¹ It should be mentioned that apart from Pelham, his production company, the co-producer of "Nur mir" and Sabrina Setlur, other artists in the music industry took part in this complaint. The Court, however, found that the complaints by these artists were not permissible as they were not able to claim to be directly and personally affected by the attacked decisions (ibid, at para 63). With regards to Setlur, the Court held that she did not exhaust all means to address a violation of her fundamental rights which is however necessary to be launch a constitutional complaint (ibid, at para 62).

musicians. Such reproductions would constitute something different than using an original sound sequence. With regards to sample clearing, which was also discussed before the Court, the expert stated that this would not be workable in practice. There would not be any objective criteria regarding the amount of licensing fees. The expert also stated that the uncertainty surrounding this issue along with the threat of being sued for infringement created to a climate of fear among music producers. Finally, the expert stated that even professional musicians would have difficulties to reproduce such sound sequences. And even then, the artist in question would consider such reproductions as something different to the original.

III. THE FINDINGS OF THE CONSTITUTIONAL COURT

The Constitutional Court had two questions to answer in this constitutional complaint: First, whether the relevant provision of the German Author's Act, on which the BGH's decision were based were constitutional. And secondly, whether the BGH has sufficiently acknowledged artistic freedom in its decision. It started its analysis by outlining the relevant fundamental rights that were affected by the relevant provisions of the German Author's Right Act: the guarantee of property held by the phonogram producers and the artistic freedom held by those wishing to apply an artistic discourse with existing phonograms. It recapitulated the scope of these individual fundamental rights¹² and how they were affected by the provisions from the Author's Rights Act: On the one hand, the artistic freedom would be affected by the exclusive right in Section 85 UrhG,¹³ while the guarantee of property would be impaired by allowing free uses as stipulated by Section 24 UrhG.

The Court then outlined that the grant of exclusive rights for phonogram producers, their scope as well as their limitations would serve to balance countervailing interests encapsulated within the conflicting fundamental rights positions. Further, such collisions would need to be

¹² Artistic freedom would encompass the artistic activity as such, as well as performing and disseminating the work which are indispensable for the public to take notice of the work. (at para 68).

¹³ The exclusive right of the phonogram producer would affect the freedom of arts since would only be able to use of since third parties would only be able to use sequences from previous works without authorisation under the conditions provided by Article 24 (1) UrhG.

accommodated according to the principle of practical concordance¹⁴ which would ensure that both positions are safeguarded as far as possible. Importantly, the Court stressed that such balancing exercise cannot be conducted from the perspective of one fundamental right only but would rather relate to balancing two equally protected fundamental right positions. Where the legislator mandates the judiciary to establish this balance in a particular case through application and interpretation of the law, it suffices that the relevant legal provisions would allow courts to create a constitutionally sound balance between the countervailing interest.

The Court outlined the scope and rationale of both fundamental right positions governing the particular interplay of the relevant provisions of the Authors' Rights Act. The phonogram producers' guarantee of property was established through private law provisions, i.e. the exclusive right in Section 85 UrhG. The legislator is, however, entitled to frame the property right to ensure that its social function as enshrined within Article 14 (1)(2) of the German Basic Law is maintained. By this, the constitutional guarantee of property does not encompass all possible means of exploitation of the exclusive right of the phonogram producer. The legislator is rather permitted to design its specific contents and limits.

This legislative freedom has particular effects with regards to the possibility of limiting the exclusive right. Here, limitations of the disposal right need to be contrasted with such provisions limiting the exploitation right: The former would be easier to curtail based on public interest considerations for the legislator, while the latter would require a heightened public interest. Nonetheless, only an adequate remuneration for the achievements of phonogram producers would be constitutionally guaranteed. Importantly, on the other hand, the legislator needs to consider artistic freedom in these considerations. This is because the exclusive right of phonogram producers with its remedy to seek for injunctive relief pursuant to Article 97 (1) UrhG would affect this fundamental right.

In conclusion, the Court noted that the relevant provision of the German Author's Rights Act would be constitutional: They would sufficiently acknowledge the freedom of arts on the one hand and the guarantee of property on the other. Sections 85 (1) and 24 (1) UrhG would serve as an adequate mechanism to accommodate artistic freedom with that of the guarantee of property. Hence, courts would have sufficient scope to provide for a constitutional balance between these conflicting fundamental rights. According to the Constitutional Court, the

¹⁴ The principle of practical concordance was established by the German scholar Konrad Hesse - Andreas Fischer Lescano, *Kritik der praktischen Konkordanz* (2008) *Kritische Justiz* 166, 167; Thomas Hoeren, 'Was bleibt vom Urheberrecht im Zeitalter von Filesharing und Facebook?' [2012] *EuZ* 8.

mandatory consideration of the fundamental right of artistic freedom could be conducted by courts in two ways: Through an adequate interpretation of the scope and extent of the exclusive right in Section 85 (1) UrhG since the provision would leave sufficient scope to apply such consideration. Courts could also infuse artistic freedom into the analysis through exception provisions, such as the discussed Section 24 (1) UrhG.

The Court additionally held that allowing artists to freely use copyright protected works would not disproportionately confine the guarantee to property. It argued that the general permission to allow unauthorised and unremunerated uses of sequences of phonograms for the creation of new works would not lead to a situation where an adequate remuneration of producers, as constitutionally mandated, would not be guaranteed. Importantly, the Court held that Section 24 (1) UrhG, in particular, would not violate the guarantee of property. This is a noteworthy remark, since the provision as such does not envisage any remuneration obligation for third party uses, which – aside of the disposal right - curtails the remuneration interest of right holders. The Court held the provision to be valid since it would constitute a very narrow exception and would therefore still remain within the legislator's constitutionally provided margin of appreciation.

Interestingly, the Court held that some form of remuneration system for free uses could be provided by the legislator. This could, for instance, be based on a form of subsequent remuneration based on the commercial success of the new work. The current legal framework would, however, sufficiently safeguard the exploitation interests of the producer even where no remuneration is foreseen. This is because free uses for artistic purposes cannot be equated with a general permission to freely use samples. Non-artistic uses would still require authorisation, i.e. licencing. Additionally, Section 24 (1) UrhG would as such only permit free uses where a sufficient distance between the two works in question is given.

With regards to the second main point of its analysis, the Court held that the preceding court decisions did not sufficiently acknowledge the freedom of arts when interpreting the provisions in question. This is because they did not sufficiently acknowledge the fundamental rights positions of the complainant. It first discussed how the fundamental rights discourse is to be applied when interpreting private law provisions: Where a provision would allow several means of interpretation, courts are mandated to apply the interpretation that would acknowledge constitutional values and that would serve to bring the fundamental rights positions at hand into practical concordance. Furthermore, fundamental right positions would

not just apply through general clauses but would apply to all elements of private law provisions that warrant and require interpretation. A violation of constitutional law would, however, only occur where courts would not acknowledge the significance of fundamental right positions leading to an inappropriate balancing of these within private law provisions and which subsequently would affect the concrete dispute.

Then the Constitutional Court discussed the fundamental right positions that courts would need to consider in their interpretation of Sections 85(1) and 24 91) UrhG. The Court held that artistic freedom is not boundless but is limited by the fundamental right position of others by, *inter alia*, the guarantee of property as enshrined in Section 85 (1) UrhG. However, courts would need to apply an approach specific to art in the given case. This approach would result in courts having to acknowledge that the adoption of works within one's own work would constitute a form of artistic expression. This consideration has to guide courts when interpreting and applying exceptions and limitations to copyright. In effect, such art specific interpretation would widen the scope of exceptions in comparison to situations where there is no artistic use. In the case where an artistic use would only constitute a minimal encroachment on the exploitation interest of the copyright holder, then these interests can stand back in favour of artistic freedom.

The Court provided further justifications for curtailing intellectual property. First, and as already stated, the constitutionally protected scope of copyright would not guarantee the right holder all possible means of exploitation. Rather, it should enable him or her to receive an appropriate remuneration. It added that the work would enter the social sphere after its publication. This means that it may become an independent reference point for the cultural and intellectual discourse of its era. Authors must therefore endure that their sole dominion of the work seizes after publication. Such considerations, which would also apply to the right of phonogram producers would ensure intellectual property's social function.

Based on these considerations, the Court held that the attacked decisions did indeed violate the claimants' fundamental right of freedom of arts. This was because the courts erred in their interpretation of Sections 85 (1) and 24 UrhG since they did not sufficiently acknowledge the artistic freedom of the complainant when balancing it with the property right of the phonogram producers. First, the Court found that the underlying decisions would interfere with the complaint's fundamental right because the song "Nur Mir" would be protected under artistic freedom. The decisions and the injunctive relief granted would not only interfere with

the distribution of the work but would reach back to the creative process as they relate to the use of samples as a means of artistic expression.

The interference with the complaint's fundamental right was additionally not justified: The finding of the preceding courts that the incorporation of smallest sequences in a new work would constitute an infringement of Section 85 (1) UrhG insofar as they are reproducible would not sufficiently acknowledge their artistic freedom. The Constitutional Court, however, held that the violation could not be based on the assumption that tiny reproductions would constitute copyright infringement as such. With this respect, an analogous application of Section 24 (1) UrhG could be applied to exempt from infringement. This would also enable courts to transpose artistic freedom in the balancing operation of the copyright provisions in question.

The Court held that the court decisions did not sufficiently acknowledge artistic freedom in their application of Section 24 (1) UrhG. It held that sampling as such would be covered by the freedom of arts. However, the way that the lower courts assessed the permissibility of sampling would have significant ramifications for artists, in particular in the field of hip hop music. This was because the German Federal High Courts' very narrow interpretation of free use would leave the creator with limited choices: to either ask for a license or to reproduce the sequence him or herself. However, both of these alternatives would curtail the users' artistic freedom, hence impairing artistic development. This has not been sufficiently acknowledged by the BGH.

The Court explained that potential licensing would not be a solution since the right holder is free to refuse a licence and the user would not have a right to use the sample as such. Additionally, the amount of the licensing fee could to a large extent be freely determined by the right holder. Difficulties would also arise where many different samples were used. Finally, the court elaborated that sample databases would only be of limited use here because of the transaction costs involved and the limited range of samples.

The Constitutional Court slammed the considerations with regards to the reproducibility of samples. It found that the use of samples is a key element of hip hop music. It drew a comparison with collages where the use of an original work plays a similar role. An art specific approach that is mandated here would need to acknowledge the importance of using original sequences for hip hop music. Additionally, the reproduction of sequences may be very laborious. The Constitutional Court, furthermore, mentioned the uncertainty surrounding

the question whether a sequence is reproducible identically. This was exemplified for the Court by the fact that many expert witnesses were called upon to answer the issue of reproducibility in the proceedings before the lower courts. The uncertainty created by having to prove whether a sequence was not reproducible might lead to a chilling effect where artists may refrain from using a sample in the first place.

Conversely, the right of the original phonogram producers would only be impaired to a minimal extent by the complainant's use. The two musical works in question are not in competition with one another. This would only be the case where the derivative work would be very close to the original one. Additionally, the fact that potential licensing revenue would be lost by allowing free use in such an instance would not amount to a significant material loss of the phonogram producer. The exclusive right in Section 85 UrhG was not enacted to generate licensing revenue but to combat piracy. The Court, furthermore, found that such loss cannot be construed by the savings of the users. These would not necessarily correspond to the losses of the original phonogram producers. According to the Court, this would only be the case where there is a direct competitive relationship between both producers. The artistic freedom of the claimants of the original cases would also not be impaired significantly. Additionally, only the interest as phonogram producers of the two Kraftwerk members were considered in the underlying cases not those as artists and authors. The Court added that its findings did not to impair the exploitation interest of the original phonogram producers. They would still retain the possibility to seek licensing revenues for such uses that were not covered by artistic freedom or where they would constitute an unbearable economic risk due to the amount taken or the particular context with the original work.

IV. CONCLUSION

The case is now remanded to the German Federal High Court that has to decide on this matter applying the Constitutional Courts' considerations. It mentioned that the BGH could apply these considerations with an adequate interpretation of Section 24 (1) UrhG or through limiting the scope of Section 85 (1) UrhG. Then, sampling would only constitute an infringement where the economic interests of phonogram producers would be severely impaired.¹⁵ The Court also noted that some acts of exploitation by Pelham occurred after the 22nd of December 2002. These may be governed by the InfoSoc Directive¹⁶ which the BGH was called to investigate upon.

In any event, the decision comes at an interesting time where the discussion on how adaptations of musical works are treated by copyright law is vibrant. A very prominent case with this regard is the litigation relating to the song "Blurred Lines" by Robin Thicke, Pharrell and T.I. There a US District Court found for the estate of Marvin Gaye.¹⁷ The reactions were generally negative with a sentiment that the decision would stifle creativity.¹⁸ It was therefore not surprising that the defendants filed an appeal to the District Court's decision.¹⁹

The approach taken by the Constitutional Court may provide a fresh approach with this regard. Importantly, it noted that the fundamental right discourse needs to acknowledge that both conflicting rights are equally important. This again breaks the property/exceptions conundrum that is generally led with the property right of the IP holder being interfered with and that exceptions or limitations would, as their name stipulates, only be given in exceptional or limited circumstances.²⁰ Such approach is, however, not permissive when the fundamental rights discourse is applied. As the Constitutional Court says there is no hierarchy between these rights as both are equally important. This means that any precedence of a fundamental right to another is not possible.

¹⁵ Wielsch would favour this alternative - Dan Wielsch, Kunst ist mehr als nur Investition: zum Sampling-Urteil des BVerfG, VerfBlog, 2016/6/01, <http://verfassungsblog.de/kunst-ist-mehr-als-nur-investition-zum-sampling-urteil-des-bverfg/>.

¹⁶ Directive 2001/29/EC of the European Parliament and of the Council of 22 May 2001 on the harmonisation of certain aspects of copyright and related rights in the information society

¹⁷ *Williams v Bridgeport Music, Inc.*, No. 13-06004 (C.D. Cal. Nov. 19, 2013)

¹⁸ Ben Challis, *More 'Blurred Lines' when it comes to writing songs?* Journal of Intellectual Property Law & Practice, 2015, Vol. 10, No. 8, 586, 588.

¹⁹ <http://www.rollingstone.com/music/news/pharrell-robin-thicke-ti-appeal-blurred-lines-verdict-w436116> last accessed 25 August 2016

²⁰ See also the important case of the European Court of Human Rights with this regards in *Ashby Donald - Case of Ashby Donald and others v France* App no 36769/08 (ECtHR, 10 January 2013).

The case itself leaves many ramifications with regards to what amount of sampling can still be covered by free use.²¹ A criterion that also leaves room for speculation is the finding that in this particular case the two works in question were not in competition with one another; a matter that made the Court come to its finding in favour of Pelham – and which would appear obvious to most when comparing both tracks.²² The question remains what would happen where the works are in competition which then begs the question when this is the case and how this should be determined?

²¹ Fabian Böttger and Birgit Clark, *German Constitutional Court decides that artistic freedom may prevail over copyright exploitation rights ('Metall auf Metall')*, Journal of Intellectual Property Law & Practice (2016) doi: 10.1093/jiplp/jpw109

²² Dan Wielsch, *Kunst ist mehr als nur Investition: zum Sampling-Urteil des BVerfG*, VerfBlog, 2016/6/01, <http://verfassungsblog.de/kunst-ist-mehr-als-nur-investition-zum-sampling-urteil-des-bverfg/>.