Question B
To what extent does the principle of exhaustion of IP rights apply to the online industry?

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1. The principle of exhaustion of IP rights and copyrights in the German law

1.1 General Thoughts

In the German legal system the principle of exhaustion of IP Rights is either particularly stated or at least recognised as a leading principle; in this regard the sections 17(2), 69c(3) second sentence of the Copyright Act\(^1\), section 24 Trademark Act\(^2\), section 48 Design Patent Act\(^3\) shall be mentioned.\(^4\) In contrast the German Patent law lacks an explicit legal basis for the principle of exhaustion; however its existence is doubted by no means. The German Supreme Court (BGH) has repeatedly acknowledged the exhaustion principle as a precautionary principle for the entire IP law.\(^5\)

1.2 Copyright Law

1.2.1 Section 17(2) UrhG

In the German case law and also in the literature the principle of exhaustion of copyrights means that the right holder has exhausted his exclusive rights of use by actually using them; in consequence, following acts of use, especially by third parties, are no longer protected by the right holder’s right of use.\(^6\)

The exhaustion of copyrights generally applies when the work protected by copyrights is put on the EU or EWR market with consent of the right holder.\(^7\) Such a disposal generally takes place when it is accompanied by the transfer of ownership.\(^8\) In this regard the disposal needs to be based on a contract between parties; a transfer of ownership due to statutory law such as sections 946 ff. German Civil Code\(^9\) is inadequate.\(^10\) Furthermore, the definition of disposal is to be understood in a broad sense: every permanent abandonment of an actual possibility of disposal is sufficient.\(^11\) In this context there are a few situations that have to be differentiated between: the transfer by the way of security is not a permanent abandonment of disposal because most of the times it actual going to end in a retransfer.\(^12\) In contrast, the reservation of proprietary rights grants the seller only a temporary security and is therefore considered a permanent abandonment.\(^13\)

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1 Herinafter „UrhG“.  
2 Herinafter „MarkenG“.  
3 Herinafter „GeschmacksmusterG“.  
4 For the sake of completeness section 10b Plant Variety Protection law shall be mentioned; however this section will not be of any relevance for this study; for the purpose of enhancement see OLG Dresden, 23 September 2009 – 11 U 422/09.  
9 Herinafter “BGB”.  
The principle of exhaustion is solely applied to the disposed work.\textsuperscript{14} Furthermore, the principle of exhaustion covers the distribution right but not the reproduction right.\textsuperscript{15} This is due to the fact that by distribution the right holder had a chance to convert his rights into cash.\textsuperscript{16} Apart from that, the principle of legal certainty requires that the buyer is granted the right to engage in any type of transaction with his good.\textsuperscript{17} It is thereby intended to prohibit the foreclosure of downstream markets.\textsuperscript{18} Thus, the former right holder will no longer be able to restrict the distribution of his work.\textsuperscript{19}

Section 17(2) UrhG limits the principle of restriction in terms of rental contracts. That means that the right holder may prohibit the buyer to let the work even though he once agreed upon putting it into circulation.\textsuperscript{20} This limitation was introduced by the third amendment of the German copyright act in 1995 which was based on the implementation of the European Directive 92/100/EWG on rental right and lending right. In this regard the term rental is legally defined in section 17(3) sentence 1 UrhG as the right to temporarily use the work for direct or indirect commercial purposes. This limitation of the principle of exhaustion is itself limited in section 17(3) sentence 2 in accordance to Recital (13) of the Directive 92/100/EWG.

1.2.2 Section 69c no. 3 sentence 2 UrhG

In addition, the German legislator introduced section 69c no.3 sentence 2 UrhG to regulate the principle of exhaustion regarding computer programs. This section grounds on article 4 lit. c sentence 2 of the Directive 91/250/EC according to which the first sale of a program’s copy by the right holder or with his consent in the Community shall exhaust the distribution right of that copy within the Community. As far as the rental right is concerned, the same exception applies as in section 17(3) sentence 1 UrhG. Incidentally, the distribution right exhausts not until the copy is to remain permanently at the new holder of rights of use.\textsuperscript{21} Apart from that the remarks concerning section 17(2) UrhG are widely applicable.\textsuperscript{22}

1.3 Patent Law

Contrary to the Copyright Act the German Patent Act does not mention the principle of exhaustion at all. Nevertheless the principle of exhaustion is to be considered as a general principle in the German Patent Act.\textsuperscript{23} As far as a definition is concerned it can be referred to the Copyright Act definition meaning that the patent right exhausts when the covered product is put on market by the

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\textsuperscript{17} Schulze, in: Dreier/Schulze, Urheberrechtsgesetz, Kommentar, 4. Auflage München 2013, § 17 UrhG, Rn. 25.
\textsuperscript{19} OLG Frankfurt, 12 May 2009 – 11 W 15/09 = MultiMedia und Recht (MMR) 2009, 544 (545); Loewenheim, in: Schricker/Loewenheim, Urheberrecht, 4. Auflage München 2010, § 17 UrhG, Rn. 44.
\textsuperscript{22} See BGH, 6 July 2000 – 1 ZR 244/97 (OEM) = GRUR 2001, 153 (154).
\end{flushright}
right holder or with his consent within the Community. Consequently the former right holder cannot prevent the use of the product covered by the patent right. However, the buyer cannot refer to the elementary laws of the acquisition in good faith.

Originally it was assumed that the principle of exhaustion within patent law should only apply if the product was put on the market in Germany; however in accordance with the compatible interpretation of European law and in this regard with the free movement of goods and the corresponding ECJ-jurisdiction the principle of exhaustion must also apply when the product is put on market in the Community. As far as the situation of an affiliated group is concerned the product is not put on the market when an affiliated company sells the covered product to another one.

1.4 Trademark Law

In the German trademark law the principle of exhaustion is codified in section 24(1) MarkenG. According to section 24(1) MarkenG, the right holder of a trademark cannot forbid the use of the trademark or trade name with which the product was put on the market to the buyer. The product has to be put on the Community market once again. The principle of exhaustion trademark law only applies to goods but not services.

Historically, the principle of exhaustion was already established by usage at times of the former Trademark Act (WZG). Interestingly, the WZG referred to a more international approach meaning that it was sufficient that the product was put on the market anywhere in the world. The BGH abandoned this approach after the MarkenG was introduced. Since the ECJ-jurisdiction in re Silhouette there is no more doubt that the principle of exhaustion with regard to trademark law requires that the good is put on the market anywhere in the Community.

The German jurisprudence acknowledges that the economic trade (regardless of different trade levels) should not be hampered by interventions of the right holder once he has put the product on the market.

The exhaustion in trademark law means that a third party may distribute the covered good under its trademark or trade name. At first there was a broad understanding that this definition would not cover the labeling law, section 14(3) sentence 1 MarkenG. There only existed a few exemptions from this legal view. This view has changed since the BGH-Sermion II decision. In this case the BGH interpreted the principle of exhaustion in the German trademark law more extensive and

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31 See for example BGH, 22 January 1964 – Ib ZR 92/64 = Neue Juristische Wochenschrift (NJW) 1964, 972 (974).
36 Those exemptions are generally described as “customary situations”: See BT-Drucks. 12/6581, p. 81; Fezer, Markenrecht, 4. Auflage München 2009, § 24, Rn. 9.
37 BGH, 10 April 1997 – I ZR 65/92.
concluded in context of the ECJ-decision in re **Bristol-Myers Squibb**\(^{38}\) that the labeling law was also comprised.\(^{39}\) Indeed this BGH-decision concerned the secondary packaging of parallel imported medicinal products; however it is now the prevailing view that in conformity with article 7(1) of the directive 2008/95/EC no other understanding is bidden.\(^{40}\)

The principle of exhaustion in the German trademark law is restricted in section 24(2) MarkenG. Thereafter the right holder can prohibit the further use of the trademark due to legitimate reasons. Legitimate reasons are understood to exist when the condition of the covered goods have changed or worsened after having been put on market. This is because the right holder should not have to deal with reputational risks which are due to the distribution arrangements of the buyer. Those distribution arrangements are likely to redound upon the right holder in practice.\(^{41}\) The question whether this restriction actually applies is to be answered in view of the individual case. This means that the individual interests of the trademark right holder and the requirements of the free movement of goods are to be compared and weighed.\(^{42}\)

1.5 Design Right Law

In the German design right law the principle of exhaustion of rights is codified in section 48 GeschmacksmusterR and correlates almost identically to article 15 of the directive 98/71/EC. Once again the aim is to secure the free movement of goods by prohibiting the right holder of any market disruptions.\(^{43}\)

2. “Traditional industry” versus “online industry”

At first sight, the German legal system does not explicitly refer to the term e-commerce. However, the German legislator did respond to the issues that arose in context with e-commerce. In particular, there was section 312e BGB (in the old version) introduced, which was then retained by section 312g BGB (in the new version). These sections ensure the transformation of articles 10 and 11 of the directive 2000/31/EC into German law. Therefore section 312g BGB applies when an entrepreneur uses tele- and media services in order to conclude a contract for the supply of goods or services. This section has the purpose of providing the indispensable minimum in terms of a fair contract handling.\(^{44}\)

Instead of defining the term e-commerce in accordance with the definition in the directive 2000/31/EC as information society services the German legislator preferred to introduce the term “tele- and media services” at first; meanwhile this term was replaced by the term “telemedia”.\(^{45}\) In this context the German legislator intended to achieve a link between section 2 Teledienstgesetz (TDG) and section 2 Mediendienstestaatsvertrag (MDSiV).\(^{46}\) Even though the intention of the

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\(^{38}\) ECJ, case 427/93, **Bristol-Myers Squibb v Paranova A/S**, ECR 1996, I-3457.

\(^{39}\) BGH, 10 April 1997 – 1 ZR 65/92 = GRUR 1997, 629 (632).

\(^{40}\) Fezer, Markenrecht, 4. Auflage München 2009, § 24, Rn. 9 f.


\(^{44}\) Wendehorst, in: Münchener Kommentar zum BGB, Band 2 §§ 241-432, 6. Auflage München 2012, § 312g, Rn. 1.

\(^{45}\) For deepening reasons see Wendehorst, in: Münchener Kommentar zum BGB, Band 2 §§ 241-432, 6. Auflage München 2012, § 312g, Rn. 20.

\(^{46}\) Both the TDG and the MDSiV are no longer existent; The TDG has been replaced by the Telemediengesetz (TMG); For deepening reasons see Holznagel/Ricke, in: Spindler/Schuster, Recht der elektronischen Medien, 2. Auflage
German legislator to create this link was comprehensible this approach produced more problems in terms of comprehension and interpretation than it actually contributed to legal certainty. In particular, the consumer (as the addressee) could not be certain how to understand the term “tele-and media services”. 47

Since the TDG has been replaced by the TMG, section 1(1) sentence 1 TMG contains the term “telemedia”. 48 By legal definition telemedia comprises every information and communication service as long as they are not subsumed under one of the exceptions in section 1(1) second half-sentence TMG. 49

Since section 312g is descended from the Directive 2000/31/EC it has to be referred to the Directive in order to interpret the section accordingly. 50 It follows that telemedia service at least comprises any service generally provided for remuneration, at a distance, by electronic means and at the individual request of a recipient of services, see article 2 lit. a Directive 2000/31/EC in conjunction with article 1 no. 2 Directive 98/48/EC. The German Government pointed out that distribution services should not be comprised by telemedia. Instead, telemedia refers to services that the user can individually and electronically retrieve in order to place a purchasing order. 51

A further differentiation between the normal and the online market can neither be found when analysing the laws regarding the intellectual property and the copyright.

3. The principle of exhaustion in the online industry

3.1 Introduction

The principle of exhaustion within the online industry is very disputed in the German case law as well as literature. The German legislator has been aware of this topic for quite a while 52; however there has not been a successful approach to solving this problem so far. 53 Especially the ECJ-decision in re UsedSoft 54 could only solve some selected issues. Unfortunately, it also provided some new problems that are now subject to discussions.

In order to illustrate and attack these new problems it shall be provided an overview regarding the legal situation before UsedSoft.

In the German online sector the core of all problems referred to the question whether the download of a software should be subsumed under the principle of exhaustion.

München 2011, § 1 TMG, Rn. 1; Wendehorst, in: Münchener Kommentar zum BGB, Band 2 §§ 241-432, 6. Auflage München 2012, § 312g, Rn. 20.
49 These exceptions are negligible as far as this script is concerned.
50 Wendehorst , in: Münchener Kommentar zum BGB, Band 2 §§ 241-432, 6. Auflage München 2012, § 312g, Rn. 22; see also Thüsing, in: Staudinger, BGB, Buch 2 Berlin 2012, § 312g, Rn. 9 f., who believes that the German legislator consciously implemented a different term than in directive 2000/31/EG; on this behalf he argues that the EG-directive should only be referred to in a second stage.
51 RegE, BT-Drucks. 14/6040, p. 171.
53 See the draft of a law with regard to enabling the private resale of immaterial goods, BT-Drucks. 17/8377; for deepening purposes see Marly, Praxishandbuch Softwarerecht, 6. Auflage München 2014, Rn. 201.
54 ECJ, case 128/11, UsedSoft GmbH v Oracle International Corp., not yet published.
Generally, software is eligible for protection under section 69a(3) UrhG. As mentioned in the beginning, the principle of exhaustion with regard to software is codified in § 69c no. 3 sentence 2 UrhG. In this regard, the right holder's distribution right shall exhaust when a copy of the software is put on the Market within the Community by the right holder or with his consent. The idea is that the copyright stands back in order to maintain the free movement of the covered good once it is put in the market with the consent of the right holder. Indeed, the right holder does not have to put the good in the market. However, once he has done so, he is no longer able to decide on its further distribution. Hence, the right holder should not be able to interfere with the free movement of goods by influencing the distribution of the product.

3.2 The principle of exhaustion with regard to immaterial goods

Basically, there were two major questions to be answered in terms of legal certainty. First, it stood out that section 69c no. 3 sentence 2 UrhG referred to a “copy”. The term copy was understood to be a physical good. Hence, the question was raised whether the principle of exhaustion should also apply to immaterial goods – possibly by analogy. Second, it became apparent that the copy of a software would actually be a reproduction which is generally not subject to the principle of exhaustion. Therefore the question arose whether an exception of this restricted act would apply.

3.2.1 Analogous application of section 69c no. 3 sentence 2 UrhG

Concerning the question whether section 69c no. 3 sentence 2 UrhG was applicable by analogy to intangible goods there basically were two contrary opinions.

According to one opinion the wording of section 69c no. 3 sentence 2 UrhG was crucial. As mentioned above, this section only refers to tangible goods. On this behalf it was stated that Recital (29) of the Directive 2001/29/EC only referred to tangible goods as well.

Furthermore, some writers said that the principle of exhaustion was meant to be an exception that had to be applied restrictively.

Apart from that, it was argued that the requirements of an analogy were not pertinent. First, the opponents of an analogy put forward the argument that the legislator did not oversee the problem because he had known Recital (29) of the Directive 2001/29/EC when codifying section 69c no. 3 sentence 2 UrhG; nonetheless he did not react to that matter. Furthermore, a hypothetic oversight

58 OLG München, 3 July 2008 – 6 U 2759/07 = MMR 2008, 601 (601); 3 August 2006 – 6 U 1818/06 = MMR 2006, 748 (748); LG München I, 19 January 2006 – 7 O 23237/05 = MMR 2006, 175 (176 f.).
could not have been unintended because article 4 of the Directive 2001/29/EC solely codified the principle of exhaustion with regard to material goods.\(^61\)

According to the opposite opinion it should not be differentiated tangible and intangible goods. In particular, it would make no difference regarding the right holder’s exploiting interests in which way the good was distributed.\(^62\) Apart from that it was argued that the right holder could circumvent the effect of section 69c no. 3 sentence 2 UrhG just by using online distribution; this was distinguished as an unfair outcome.\(^63\) Furthermore, some writers put forward that the principle of exhaustion was not an exception because most of the courts classified it as a generally applicable principle.\(^64\) As a consequence, an analogy of section 69c no. 3 sentence 2 UrhG was assumed to be applicable.\(^65\)

3.2.2 Exception from the restricted act of reproduction pursuant section 69d(1) UrhG

Under the hypothetic assumption that the above analogy was pertinent one had to deal with the follow-up problem that the software’s buyer would install the software on his hard drive. By this installation the buyer would obviously reproduce the software; however, according to section 69c no. 1 UrhG the principle of exhaustion is not applicable to reproductions.

In this regard section 69d(1) UrhG was considered to be relevant. Section 69d(1) UrhG states that act of reproduction are not conditional on the right holder’s consent as long as they are necessary to ensure the intended use of the computer program.

The opponents of the analogy argued that the buyer should not be granted reproduction rights because considering that he never received a tangible copy the sections 69c no. 3 sentence 2 and 69d(1) UrhG would not be applicable.\(^66\)

On the contrary, it was argued that section 69d(1) UrhG had to be conducted in accordance to its purpose and intention. Thereafter, the core of these sections was to enable the usage of the computer program by allowing necessary reproduction actions.\(^67\) When favouring an analogy it would only be consistent to understand the reproduction act as mandatory in order to use the computer program as intended.\(^68\)

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\(^{66}\) Spindler, CR 2010, 69 (75).

### 3.2.3 Key points regarding ECJ-UsedSoft

As is probably known, the legal matter between Oracle and UsedSoft had its origin in Germany. Despite the fact that the *LG München 1*\(^{69}\) and the *OLG München*\(^{70}\) initially decided in favour of Oracle, UsedSoft successfully appealed a non-admission complaint to the *BGH*. At that time, the *BGH* decided to pass on the matter to the ECJ seeking a preliminary ruling.\(^71\) This led to the ECJ-decision at issue called *UsedSoft*.\(^72\)

In this case the ECJ first determined whether and under which circumstances the download of a computer program’s copy from the internet – authorized by the dealer – could be a first sale in terms of article 4(2) of the Directive 2009/24/EC.\(^73\) It found out that a sale normally is an agreement by which the one person transfers his ownership rights in tangible or intangible goods to another person. In terms of the intent and purpose of article 4(2) of the Directive 2009/24/EC the rise of the principle of exhaustion of the distribution of a computer program’s copy must involve the transfer of the ownership in that copy.\(^74\)

The ECJ underlined that the download of a computer program and the conclusion of a licence agreement formed an indivisible whole because downloading a computer program would not be of any sense if one was not allowed to use the program afterwards.\(^75\) By those means the ECJ concluded that the transfer of ownership was not subject to the differentiation between handing out a durable medium with the computer program copy and the online-download. Furthermore, the ECJ hereby solved the problem how to classify a software contract.\(^76\)

The court underlined that tangible and intangible computer program copies are economically comparable. For that reason the online download of a program’s copy correlated with the handing over of the actual copy on a data carrier.\(^77\) The European judges also stressed that when taking the contrary view the right holder would be eligible for charging a fee for any further distribution by the buyer. The ECJ considered this to be unreasonable.\(^78\)

Interestingly the ECJ adopted position by calling the Directive 2009/48/EC a *lex specialis* compared to Directive 2001/29/EC.\(^79\) This point view will lead to further discussions in the literature as it betokens that the Directive 2009/48/EC is not eligible for analogy with regard to other products than those covered by the Directive.\(^80\) From this point view one should be aware of representing this opinion. Even though the ECJ called the Directive *lex specialis*, it is by far more important that the ECJ underlined the objective of the principle of exhaustion being to limit the restrictions of the distribution to what is necessary to safeguard the specific subject-matter of the intellectual property

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\(^{69}\) *LG München 1*, 15 March 2007 – 7 O 7061/06 = MMR 2007, 328 ff.


\(^{71}\) *BGH*, 3 February 2011 – I ZR 129/08 = GRUR 2011, 418 ff.


\(^{75}\) *ECJ*, case 128/11, *UsedSoft GmbH v Oracle International Corp.*, pt. 44.

\(^{76}\) The understanding is that the ECJ classifies the software contract as a common purchase contract. However from a German perspective it is quite interesting that the ECJ concentrates on the right in rem and not the binding agreement itself: see *Schneider/Spindler*, Der Erschöpfungsgrundsatz bei “gebrauchter” Software im Praxistest, in: Computert und Recht (CR) 2014, 213 (214); for deepening reasons see *Hoeren*, Softwareüberlassung als Sachkauf, München 1989, Rn. 143.


\(^{80}\) See below 3.2.1.
concerned. That means that by referring to the immanent purpose of the principle of exhaustion it actually betokens that this purpose is higher ranked than the actual statutory situation.

However, by calling the Directive 2009/24/EC *lex specialis* the ECJ clarified that making the software available on a homepage does not lead to a “making available to the public” as in article 3(1) Directive 2001/29/EC. Hence, the principle of exhaustion is not foreclosed by the Directive because the Directive not primarily applicable.

Furthermore, the ECJ concluded that a software maintenance agreement does not foreclose the principle of exhaustion. Thereby the ECJ intended to point out that the temporary nature of a maintenance agreement would not have any repercussions to the principle of exhaustion. It also deduced that the principle of exhausted applies to the corrected, altered or added version of the original software.

It is crucial to mention that in the view of the ECJ the download of the computer program is permitted even without the consent of the right holder. Even though this download has to be regarded as a reproduction in terms of article 4(1) lit. a 2009/24/EC it is also necessary to enable the new acquirer to use the computer program in accordance with its intended purpose, see article 5(1) Directive 2009/24/EC. The acquirer then impersonates a “lawful” acquirer.

However, the ECJ laid down the condition that the seller of the intangible (and also tangible) copy would have to make his own copy unusable at the time of the resale. Even though the ECJ allowed the seller to use technical measures to ensure that the reseller’s copy was made unusable, it is predictable that there will be severe practical problems in terms of the burden of proof.

3.2.4 Conclusions from ECJ-UsedSoft and the subsequent decision of the BGH, 17 July 2013 – I ZR 129/08

The most important conclusion to be derived is that the principle of exhaustion does apply to the distribution of digital goods. The question on whether an analogy with regard to section 69c no. 3 sentence 2 UrhG should be applicable was answered in the affirmative.

Due to UsedSoft the acquirer is regarded as a lawful acquirer, see article 5(1) Directive 2009/24/EC. The distribution right exhausts with regard to the updated or altered version of the computer program.

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82 Incidentally, see below 3.3.


90 See above 3.2.1.

91 *Hoeren/Försterling*, Onlinevertrieb “gebrauchter” Software – Hintergründe und Konsequenzen der EuGH-Entscheidung “UsedSoft”, in: MMR 2012, 642 (644); still in doubt *Schulze*, Werkgenuss und Werknutzung in Zeiten des Internets, in: NJW 2014, 721 (724 f.), who questions whether the principle of exhaustion is up to date with the problems of the internet and therefore demands a restrictive usage of this principle. This thought is worth mentioning and basically mirrors the problems the ECJ had to deal with; however this is a rather dogmatic approach that does not lead to a solution of the actual problem.
It should also be mentioned that the *UsedSoft*-decision has contributed to the discussion on how to classify a software contract. It can be concluded that the era of the licensing agreement construction has come to an end.\(^\text{94}\) The ECJ has clarified that the right to use the copy is a permanent one.\(^\text{95}\) The special agreements relatively the constructions of a software contract shall not interfere with the legislative implementations.\(^\text{96}\) In this context it should be mentioned that special attention should be paid to future contractual terms and constructions: As the principle of exhaustion is not applicable with regard to rental and leasing contracts it will have to examined in a particular case whether the contract actually is a sale.\(^\text{97}\) However it will have to be taken into consideration that the term “sale” is now characterised by a broad understanding.\(^\text{98}\)

The *BGH*\(^\text{99}\) has obviously adopted the ECJ’s guidelines in its subsequent decision. However it is to be noted that no final judgement has been made – the case was referred back to the *OLG München*. Nevertheless, the *BGH* agreed on the applicability of the principle of exhaustion on computer programs\(^\text{100}\) even though it seemed to favour the opposite opinion in its order for reference.\(^\text{101}\)

Moreover, the *BGH* has acknowledged that certain reproduction acts, such as loading the copy in the working memory, are not subject to authorisation by the right holder, see section 69d(1) UrhG. Fortunately the *BGH* emphasized the mandatory core of section 69d(1) UrhG and of its equivalent article 5(1) Directive 2009/24/EC. This point of view is consequent and more than welcome.

On the contrary the *BGH* pursued a rather unorthodox approach by stating that acquirer was granted a right to use the software by section 69d(1) UrhG. The result does comply with the guidelines of the ECJ. However, the *BGH* seemed to be troubled with section 69d(1) first half-sentence UrhG which allows the assignment of rights when contractually agreed on. Dogmatically, section 69d(1) UrhG does not offer a basis for claim; it is to be understood as a legal exception to section 69c no. 3 sentence 2 UrhG. Therefore it would have been much more comprehensive and elegant if the *BGH* had identified the contractual exclusion of an assignment right as contradictory to the mandatory core\(^\text{102}\) of section 69d(1) UrhG and therefore as a breach with the German laws on general terms and conditions of business, see section 307(2) no. 1 BGB in conjunction with sections 17(2), 69c no. 3 sentence 2, 69d(1) UrhG.\(^\text{103}\) Meanwhile the *LG Hamburg* has favoured this approach.\(^\text{104}\)

As mentioned earlier the ECJ-*UsedSoft* decision rose a big problem concerning the proof of the dismantling of the seller’s copy. The ECJ circumvented the deeper pursuance of this topic in a skilled manner by allowing the implementation of technical measures.\(^\text{105}\) According to the principles of the German Code Civil Procedure (ZPO) that party who actually relies on the applicability of the principle of exhaustion has to carry the burden of proof. Depending on the individual case it is very well imaginable that the acquirer will bear the burden of proof. At this stage it seems inconceivable how the acquirer should give substantial evidence that the seller has


\(^\text{99}\) *BGH*, 17 July 2013 – 1 ZR 129/08.

\(^\text{100}\) *BGH*, 17 July 2013 – 1 ZR 129/08 = MMR 2014, 232 (235 ff.).

\(^\text{101}\) *BGH*, 3 February 2011 – 1 ZR 129/08 = MMR 2011, 305 (307).


\(^\text{103}\) See also below 3.3.


made his copy unusable. In particular it can barely be thought of a situation in which the acquirer could make use of a technical measure because that would imply that he had to take actions in the sphere of the seller. Obviously the seller will not authorise such an interference with his technical facilities so that in practice the acquirer will fail to bear the proof.

3.2.5 Splitting up client-server licences respectively volume licences

3.2.5.1 Problem identification

In practice, a business generally buys a bunch of licences in order to use the computer program on more than one computer.

In this regard a distinction needs to be drawn between client-server licences and volume licences. When buying a volume licence the acquirer receives a digital master copy and may then copy the software to different computers (obviously in accordance with the contractually agreed number of copies). That means that the software is installed on and ran from each computer individually. On the contrary, having bought a client-server licence the acquirer installs the computer program on his central server. Hereafter, a user accesses the server on demand and is then able to use the computer program; however the computer program is run directly on the server. So the difference is that in case of a volume licence the acquirer is granted permission to reproduce the software to a certain extent whereas the client-server licence only grants a certain number of rights of use.

As far as selling all volume licences as a whole including the digital master is concerned there is no doubt that this situation is to be treated like the sale of only one piece of software including only one licence. Therefore section 69d no. 3 sentence 2 UrhG is applicable in this respect. However, problems arise when the rights of use are split in order to sell only a couple of rights of use and retain the others. In this regard there are two main situations two be examined. First, the seller could make a copy of the digital master and then transfer both the copy and the appropriate number of rights of use to the acquirer. Second, it is possible that the acquirer already possesses the computer program and therefore only needs more rights of use.

3.2.5.2 Findings from ECJ-UsedSoft and the dealing with client-server licences

Due to the *UsedSoft* decision the general discussion on this topic revived. This leads back to pt. 69 of the decision. Pt. 69 states that if the first acquirer bought a licence that provides for more users than actually needed he shall not be authorised by the principle of exhaustion to divide the licence and resell only the user rights that are of no future use.

In this context some writers assumed that this sentence would lead to a prohibition of splitting volume licences. However, pt. 69 of the decision cannot be over-simplified but has to be understood in context with the facts at issue. In *UsedSoft* the ECJ had to deal with client-server licences; therefore it has to be

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concluded that the pt. 69 does not state a general assumption. Especially pts. 22 and 24 of the UsedSoft decision support this assumption because they refer to the facts of issue of the preliminary ruling of the BGH – and surely the BGH dealt with client-server licences.

Furthermore, in pt. 70 the ECJ stated that the seller would have to make his own copy unusable at the time of resale. This use of words is also an argument in favour of client-server licences because otherwise it would have been indispensable to refer to the copies on the respective desktop computers as well.

In conclusion, the ECJ favoured the prohibition of splitting client-server licences. The outcome is comprehensible. However it did not decide on volume licences.

3.2.5.3 The dealing with volume licences

As a result the discussion on how to deal with volume licences will continue. Having analysed the UsedSoft decision it appears coherent to permit the splitting of volume licences in the future. Generally, it can be argued that a certain copy from the digital master to the correspondent desktop computer is derived with the consent of the right holder because he will normally receive a compensation fee. Assuming that this new copy is retained legally it seems obvious to equate this copy with a copy retained online from the right holder. This result is especially consistent from an economic point of view because simply put the volume licence is not a whole but a bunch of single licences offered relatively bought as a package.

Hence, applying the general legal views in UsedSoft it should be concluded that the splitting of volume licences is not prohibited. Obviously the other requirements regarding the UsedSoft decision must be met; especially, it should be paid attention that when already using the full amount of licences one copy needs to be made unusable in the event of a sale.

In this context the OLG Frankfurt a.M. decided in 2013 that splitting up a volume does not collide with the legal implementations as long the originally granted number of rights of use is not exceeded after the split.


112 For deepening reasons and with regard to the dogmatic approaches see Hoeren, Der Erschöpfungsgrundsatz bei Software – Körperliche Übertragung und Folgeprobleme, in: GRUR 2010, 665 (665 ff.).


3.2.6 The dealing with maintenance agreements

Because of the Usedsoft decision some writers betokened that the acquirer would enter into a contractual relationship with the maintenance provider if such a maintenance contract was already concluded before the software sale.\footnote{See Schneider/Spindler, Der Kampf um die gebrauchte Software – Revolution im Urheberrecht?, in: CR 2012, 489 (493), who have apparently changed their minds in:Der Erschöpfungsgrundsatz bei gebrauchter Software im Praxistest, CR 2014, 213 (217).}

The problem is that in the German literature some writers argued the maintenance contract would be a service contract.\footnote{Beise, DB 1979, 1214; Apart from this classification there were also writers who classified the maintenance contract as a rental contract: Löwe, Gedanken zur rechtlichen Einordnung von Wartungsverträgen, in: CR 1987, 219 (220); however, with regard to software which was individually ordered and then custom made it is makes sense to assume a works contract: for deooening reasons see Hoeren, in: Graf von Westphalen, Vertragsrecht und AGB-Klauselwerke, Klauselwerke, IT-Verträge, Rn. 172.}

In this regard it needs to be pointed out that in my opinion there is no maintenance contract as such.\footnote{Obviously there are differing opinions; see also Hoeren/Försterling, Onlinevertrieb “gebrauchter” Software – Hintergründe und Konsequenzen der EuGH-Entscheidung “UsedSoft”, in: MMR 2012, 642 (646).} However, the parties agree on a “general service contract” which can be classified as a contract for the performance of continuing obligations. Thereby the acquirer can demand a certain performance which is then subject to software maintenance.\footnote{Hoeren/Försterling, Onlinevertrieb “gebrauchter” Software – Hintergründe und Konsequenzen der EuGH-Entscheidung “UsedSoft”, in: MMR 2012, 642 (646).}

Moreover, it is the responsibility of the acquirer to demand the performance.

Nevertheless the general principles of BGB continue to apply. That means that the private autonomy has to be taken into account. For that reason, the maintenance provider can still decide with whom he wants to collude an agreement. Hence, the principle of exhaustion cannot cause a contractual relationship between the acquirer and the maintenance provider.\footnote{Hoeren/Försterling, Onlinevertrieb “gebrauchter” Software – Hintergründe und Konsequenzen der EuGH-Entscheidung “UsedSoft”, in: MMR 2012, 642 (646).}

3.2.7 The significance of technical measures

The ECJ pointed out in pt. 79 of the UsedSoft decision that the proof that the seller has made his copy of the software unusable could cause some difficulties. Therefore it concluded that the acquirer was allowed to use technical protective measures such as product keys.\footnote{ECJ, case 128/11, UsedSoft GmbH v Oracle International Corp., pt. 79.}

In the German legal system such technical measures must generally be contractually agreed; otherwise they are supposed to be a contractual fault.\footnote{Schneider/Spindler, Der Erschöpfungsgrundsatz bei “gebrauchter” Software im Praxistest, in: CR 2014, 213 (221).}

As far as these technical protective measures are concerned it will be important to identify their purpose in the future. In terms of the UsedSoft decision at least those measures which intend to monitor the dismantling of the seller’s copy will be conforming.\footnote{See also Hartmann, Weiterverkauf und “Verleih” online vertriebener Inhalte, in: Gewerblicher Rechtsschutz und Urheberrecht Internationaler Teil (GRUR-Int.) 2012, 980 (985).}

On the contrary it will not be acceptable if the technical measures effect serialisation or require activation.\footnote{Schneider/Spindler, Der Erschöpfungsgrundsatz bei “gebrauchter” Software im Praxistest, in: CR 2014, 213 (221).} It has to be ensured that the principle of exhaustion will not be banned or circumvented by such measures.
In this regard a change of the German jurisprudence is to be expected. In 2010 the BGH judged in re *Half Life 2* regarding a technical measure that effectively led to a restriction on disposal. In this case the usage of the computer game would only be possible if the acquirer created a gamer’s account and logged onto it every time he wanted to play the game. However, in the case of the resale of the game the seller should not be allowed to pass on his gamer’s account or at least the access data. The BGH concluded that this condition was acceptable as it would not interfere with the laws of declared this condition to be effective, especially following the examination of the laws of general terms and conditions, section 307(1) sentence 1, (2) sentence 1 BGB in conjunction with the principle of exhaustion. The judges argued that it was effectively possible to dispose the copy despite the questionable condition; on the contrary it would not be decisive whether a potential buyer was actually not interested in buying the copy. It deduced that a technical measure which modified the modalities of the computer game’s usage would not interfere with the copyright law even if it effectively led to a non-disposability.

In the light of the *UsedSoft* decision this approach cannot be pursued. It may only be noted in the margin that the disposal of the game is not still possible – it is not directly forbidden by law or such. However, considering that the game was bound to the gamer’s online account the economic value of the game tended to zero. In consequence, such a measure effectively seals off (downstream) markets. Obviously and as mentioned earlier, the goal of the European union is to reduce the restrictions in the Digital Single Market.

Having said so, an anew decision of the *LG Berlin* astounded by relying on the BGH’s arguments rather than transferring the *UsedSoft* principles to the facts issued. The facts issued were very comparable to those in *Half Life 2*; they comprised a computer game which was only playable after having registered an online gamer’s account. The general terms and conditions contained a clause which prohibited the transfer of the gamer’s account as well as any relevant data to access the gamer’s transfer. The interesting difference to *Half Life 2* was that the game was not playable when the gamer was not logged into his account. However, being logged in was vital because the producers had developed the game in the way that some of the content was allocated on the servers.

The *LG Berlin* judged that by this construction the producers offered an “additional service”. The court then referred to Recital (29) of the Directive 2001/31/EC and assumed that the principle of exhaustion was not applicable to services.

Unfortunately, the *LG Berlin* was fatally mistaken by pursuing this dogmatic approach. Surely the contract between the producers and the acquirer does not only comprise elements of a purchase contract but also those of a rental agreement as well as a service contract. However, following the prevailing view in the German legal system these contracts comply with the nucleus of the contract.

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128 *BGH*, 11 February 2010 – I ZR 178/08 = MMR 2010, 771 (772 f.).
Where necessary this nucleus has to be determined by interpreting the intention of the parties pursuant sections 133, 157, 242 BGB. In this regard it is rather obvious that an objective observer would assume that the parties have agreed on a purchase contract. It is particularly doubtful that a buyer of a computer game knows that he will be reliable on a further service of the producers. This becomes even more apparent when considering the fact that these registry obligations in question normally arise after having bought the game. Having said so the acquirer cannot foresee any further obligations which would actually change the nature of the contract at the time of conclusion.

The bottom line is that the LG Berlin should have adopted the ECJ-UsedSoft view on the exhaustion principle because the questionable contract is a purchase contract. Therefore the LG Berlin should have judged a breach of section 307(2) no. 1 BGB in conjunction with section 69c no. 3 sentence 2 UrhG.

3.3 Application of the principle of exhaustion with regard to other digital goods

At this point the question shall be raised whether the principle of exhaustion relatively the ruling in re UsedSoft is applicable to other digital goods but computer programs. It is certainly worth mentioning that the ECJ-UsedSoft decision was mainly geared by the Directive 2009/24/EG. In particular, one could argue that having imposed the Directive 2001/29/EC as lex specialis the underlying ideas UsedSoft could not be transferred to issues that are not covered by this Directive.

Moreover, some writers say that other digital goods exist from different components. For example, an eBook was not only some software but also a linguistic creation. In terms of computer games the situation seems to be even more complex. They are generally assembled from computer programs, especially by the “engine” which runs the game, audiovisual contents, obviously meaning graphics and music, as well as other contents dependent on the individual case.

However, detractors of the principle of exhaustion’s applicability to other digital goods should fall fairly silent in consideration of the ECJ-Nintendo decision. Therein the ECJ concluded that even though computer games comprise different elements, each of which may be covered by different Directives, both the Directives 2009/24/EC and 2001/29/EC are applicable at same time, regardless that the Directive 2009/24/EC was called lex specialis in UsedSoft. Thereafter it can no longer be argued that nowadays computer games only include a minor part that actually is a computer program and therefore 2001/29/EC should solely be applicable.

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136 See Krüger/Biehler/Apel, Keine “Used Games” aus dem Netz – Unanwendbarkeit der “UsedSoft”-Entscheidung des EuGH auf Videospiele, in: MMR 2013, 760 (762 f.)
138 Computer games are also referred to as hybrid works, see Bullinger, in: Wandtke/Bullinger, Urheberrecht, 3. Auflage München 2009, § 2 UrhG, Rn. 151, 155.
139 ECJ, case 355/12, Nintendo Co Ltd., Nintendo of America Inc., Nintendo of Europe GmbH v PC Box Srl, 9 Net Srl, not yet published.
140 ECJ, case 355/12, Nintendo Co Ltd., Nintendo of America Inc., Nintendo of Europe GmbH v PC Box Srl, 9 Net Srl, pt. 22 f.
141 In this sense Krüger/Biehler/Apel, Keine “Used Games” aus dem Netz – Unanwendbarkeit der “UsedSoft”-Entscheidung des EuGH auf Videospiele, in: MMR 2013, 760 (762).
Nevertheless the LG Bielefeld has anew joined the opponents of the applicability of the principle of exhaustion.\footnote{LG Bielefeld, 5 March 2013 – 4 O 191/11 = GRUR-RR 2013, 281 ff.} The court was concerned with a case in which an internet shop offered eBooks and audio books for download. In the general terms and conditions the internet shop included a clause saying that the acquirer was granted a right of use that would only favour the acquirer. Apart from that, the acquirer would not be allowed to distribute the product against payment or free of charge, to reproduce it or to use it for commercial reasons.\footnote{LG Bielefeld, 5 March 2013 – 4 O 191/11 = GRUR-RR 2013, 281 (282).}

The LG Bielefeld concluded that this condition would not interfere with the laws of the general terms and conditions of a business, see sections 307(1), (2) no.1 and 2 BGB in conjunction with section 17(2) UrhG. It argued that the acquirer would receive a right of use which granted permission to listen to or watch the digital product as often as he wanted. The fact that further rights were not granted was justified by stressing that those rights would not coincide with the primary purpose of the contract.\footnote{LG Bielefeld, 5 March 2013 – 4 O 191/11 = GRUR-RR 2013, 281 (282).} Furthermore, the court pointed out that it was already not possible to gain ownership of an eBook or audio book because it was not an object pursuant section 90 BGB.\footnote{LG Bielefeld, 5 March 2013 – 4 O 191/11 = GRUR-RR 2013, 281 (282).}

This decision of the LG Bielefeld holds some odd chains of thoughts. It almost seems like the judges wanted to achieve a certain outcome no matter what the cost – or rather the legal justification.

Obviously, the LG Bielefeld was right in stating that an eBook or an audio book are not objectives pursuant section 90 BGB. However, the court abstained from characterising the contract type afterwards. For example, it would have seemed likely to discuss a purchase of rights pursuant sections 433, 453 BGB which then institutes the rules of purchase contracts.\footnote{See also Hoeren, Ergänzungsgutachten in Sachen UsedSoft ./ Oracle, Münster 2007, http://www.usedsoft.com/assets/Law/ergaenzungsgutachten-hoeren-wg-oracle-2007-04-12.pdf, last retrieved 30 April 2014; Sosnitza, Urheberrechtliche Zulässigkeit des Handels mit gebrauchter Software, in: K&R 2006, 206 (208).} This is especially awkward because later on the LG referred to the primary aim of the contract. It particularly stressed that the aim was not to grant “rights comparable to ownership rights”; in fact it should only be granted a right of use in terms of the copyright laws.\footnote{LG Bielefeld, 5 March 2013 – 4 O 191/11 = GRUR-RR 2013, 281 (282).} By that the LG Bielefeld was probably talking about a licence. But it remains unclear how the LG classified the actual contract irrespective of the right of use.

It got even more confusing when the court justified the usage of purchase contract terms in the general terms and conditions by saying that the layperson would be unable to cope with terms from the copyright law; however he would normally be familiar with the circumstances of an internet purchase; the buyer would know that he did not receive the same position as a purchase contractor.\footnote{LG Bielefeld, 5 March 2013 – 4 O 191/11 = GRUR-RR 2013, 281 (282).} It seems needless to say that at this stage the level of confusion peaks: on the one hand the buyer – being a layperson – should not be overburdened with copyright law terms, on the other he should generally be able to differentiate between a right of use and the premises of a purchase contract regarding a digital good.

Beyond that, the question arises why it should be unreasonable to use terms of the copyright law in general terms and conditions. Surely these terms can be deceptive at times. However, the evaluation of such a deception would be subject to the relevant individual case. In general there is no premise not to use copyright terms in general terms and conditions.
Eventually the LG Bielefeld assumed that the principle of exhaustion was neither directly nor by analogy applicable to eBooks or audio books. The judges said that the premises for an analogy would not apply.\textsuperscript{149} Furthermore it referred to the \textit{lex specialis} argumentation.\textsuperscript{150}

In this context the LG Bielefeld remained very technical and close to the wording which surprises with regard to creativity regarding the justification of the general terms and conditions. The LG neglected that the ECJ had the foreclosure of downstream markets in mind in \textit{UsedSoft}.\textsuperscript{151} This overall goal would have required a more sensitive handling of this matter.

\textit{Redeker} made up this very plausible example: He questioned why the owner of a regular book that he bought online should be able to sell it afterwards and why on the opposite the owner of an eBook with the same content should not have the right resell the eBook.\textsuperscript{152}

Once again the overall goal of the principle of exhaustion must be examined: First, it secures the interest of the right holder to turn his copyrighted work into money. Once he has put the work on the market the work should be able to circulate in order to prevent the foreclosure of markets. In the above example the copyrighted work remains the same, “only” the distribution chain differs. This being said it is obvious that the Recital (29) which is often referred to does not meet the needs of the Community any more. Moreover, its statement that the problem of the principle of exhaustion would not arise in the case of online services is simply wrong – the example shows.\textsuperscript{153}

Hence, from an economical point of view it does not makes any difference whether the principle of exhaustion is applied to computer programs or other digital goods. In fact, it has to be taken into account that nowadays the market for digital goods is a rapidly growing one and the free movement of goods has to be ensured as a primarily goal of the Community.

In conclusion, this aim can only be achieved by applying the principle of exhaustion to digital goods.\textsuperscript{154}

4. Infringement and remedies

As far as can be ascertained there is no differentiation between infringements on the regular market versus the online market in the German legal system.

In the German copyright law the infringed party is granted an injunctive relief pursuant section 97(1) UrhG. Section 97(1) UrhG states a duty to cease and desist the infringement of the copyright. In this regard, the infringer is liable regardless of negligence or fault. This duty is addressed at the perpetrator or collaborator of the infringement.\textsuperscript{155} The claim in section 97(1) UrhG is also supposed

\begin{footnotesize}
\begin{itemize}
\item \textsuperscript{149} LG Bielefeld, 5 March 2013 – 4 O 191/11 = GRUR-RR 2013, 281 (284); with regard to the premises of an analogy see above 3.2.1.
\item \textsuperscript{150} LG Bielefeld, 5 March 2013 – 4 O 191/11 = GRUR-RR 2013, 281 (284).
\item \textsuperscript{152} Redeker, Das Konzept der digitalen Erschöpfung – Urheberrecht für die digitale Welt, in: CR 2014, 73 (76).
\item \textsuperscript{153} Affirmative: Redeker, Das Konzept der digitalen Erschöpfung – Urheberrecht für die digitale Welt, in: CR 2014, 73 (76).
\item \textsuperscript{155} Dreier, in: Dreier/Schulze, UrhG, 4. Auflage München 2013, § 69c UrhG, Rn. 23.
\end{itemize}
\end{footnotesize}
to prohibit future infringements as long as danger of recurrence or even a danger of a first infringement can be proven.\textsuperscript{156}

It shall be mentioned that the German legal system also knows the principle of liability for disturbance. The basis of claim is still indistinct; however, the liability for disturbance is generally approved and derives either from section 97(1) UrhG\textsuperscript{157} or from the analogous application of sections 1004, 823 BGB\textsuperscript{158}. It can be claimed when a disturber – without being perpetrator or collaborator – contributed to the disturbance deliberately and causatively.\textsuperscript{159}

Beyond, section 97(2) sentence 1 UrhG contains a fault-based damage claim; section 97(2) sentence 2 UrhG covers damage claims with regard to intangible damage. Pursuant section 102a UrhG these basis of claims are not exclusive so that other basis of claims are applicable as well. In this regard sections 823, 1004, 812 ff. BGB should be named, among others section 3 of the German unfair competition law (UWG) is a good example.

These claims can obviously be pursued by interlocutory proceedings as long as urgency can be proved.\textsuperscript{160}

When pursuing any claims the claimant can also avail himself of a warning pursuant section 97a UrhG. Later on, the claimant can claim reimbursement of expenses provided that the warning was legitimate, see section 97a(3) in conjunction with section 97a(1), (2) UrhG. However, the usage of the warning is not compelling. The claimant is rather supposed to make use of this possibility in order to claim his rights. Provided that the claimant does not make use of the warning he is at risk of being burdened with the court fees provided that the opponent acknowledges the claim pursuant section 93 ZPO.\textsuperscript{161}

The claims have to be asserted before ordinary courts, section 104 sentence 1 UrhG.

In the other IP fields of law there are comparable duties to cease and desist any infringements as well damage claims, see section 14(2) and (6) MarkenG, section 139(1) and (2) PatG, section 42(1) and (2) GeschmacksmusterG.

5. Conclusion and recommendations

The above remarks are supposed to depict the crucial role of the principle of exhaustion in the German and European IP rights sector. Essentially, the principle of exhaustion is aimed at realising the free movement of digital goods by prohibiting the foreclosure of downstream markets as well as securing the initial rights of the right holder.

\textsuperscript{156} See Marly, Praxishandbuch Softwarerecht, 6. Auflage München 2014, Rn. 287 ff.
\textsuperscript{158} See for exmaple BGH, 12 July 2012 – 1 ZR 18/11 (Rapidshare – Alone in the Dark) = MMR 2013, 185 (186); BGH, 11 March 2004 – 1 ZR 304/01 (Internetversteigerung – Rolex) = MMR 2004, 668 (671); at this stage there is no need for further pursuance of the liability for disturbance – however, it should be pointed out that this liability principle has caused many discussions because as outlined it is applicable in the case of any causatively contribution. In theory, this is a very extensive liability that is likely to lead to inequitable results. The discussion is particularly alive in terms of the liability of WLAN-providers, see Hoeren/Jakopp, WLAN-Haftung – A never ending story?, in: Zeitschrift für Rechtspolitik (ZRP) 2014, 72 ff.
\textsuperscript{159} See for exmaple BGH, 11 March 2004 – 1 ZR 304/01 (Internetversteigerung – Rolex) = MMR 2004, 668 (671).
\textsuperscript{161} See BT-Drucks. 15/1487, p. 25.
Our society faces the extraordinary yet familiar problem that the information technology and the internet raise legal questions almost every day.

In this context the jurisprudence is troubled by the fact that the European and also the German legislator (and most likely the other EU Member States’ legislators) are not able to cope with the relevant legal issues within a reasonable time. Hence, the courts often have to deal with legal issues and surroundings that are subject to particular inconstancy. Yet at the same these legal issues are normally little researched and/or not codified by law.

It should be recalled that the Directive 2001/29/EC is by now more than 13 years old. Bearing this in mind it becomes more obvious that this Directive can only address problems and topic that were familiar at that time. Needless to say that the Directive 2001/29/EC obviously did not deal with the problem of the principle of exhaustion with regard to the online because the legislator considered it to be harmless, see Recital (29).

However, at this stage the legislator should beware of becoming overeager and to react to or regulate every business model that arises. First, the ordinary legislative procedures take too long in order to handle the problems that come up almost daily. One of my students recently addressed me with the foreword to my textbook where I gave props to the publisher for a possibly record-breaking publishing period of only six weeks stating that even “only” six weeks could be sufficient to make the textbook outdated. I still believe that the rapid pace of change is one of the key points when analysing the problems with regard to the IT-sector and the legal system.

Second, the problems can be faced in a different manner: in this regard it is crucial that both the ECJ and the EU Members’ courts practically use their legal know-how. The principle of exhaustion is one the most crucial principles in copyright law and IP rights and should therefore not be questioned just because a rather unknown distribution channel occurs. As said earlier, the principle of exhaustion is not about the distribution channel but about free distribution of a good. I certainly agree that the discussion on the principle of exhaustion is eligible – when a law says that a principle only applies to the distribution of tangible goods and all of a sudden some writers want to apply the same principle to the distribution of intangible goods there surely is a reason for controversy. However, this controversy with regard to a topic of such practical relevance cannot be subject to legal pernicketyness. The principle of exhaustion is of huge economic importance and is therefore to be discussed against this background. At this point the question follows up why an intellectual work should be treated differently just because of if its (in-)tangibility. In this context it is often omitted that the copyright law is not only about manifestation of the intellectual good; it is about the intellectuality that inheres to the good – and polemically said: this intellectual property cannot be subject to a distribution channel.

Having said this I think it is most crucial that from now on the involved parties boldly rely on well-known and well-tried principles. There is no doubt that the future entails even more problems that are subject to the complexity of internet and media law. For sure the legislators will not be able to tackle these problems adequately once again. Likewise, the courts will be facing the same problems; and needless to say that they are already troubled with the challenges they face: For example, the UsedSoft case was first pending with the LG München I in 2006; now in 2014 the case is still not terminated. The consequences of this sluggish pace can be perfectly shown using the UsedSoft example: they were forced to file for insolvency. This may be called business risk, but at the end of the day this was an avoidable one.

It seems most promising when tackling future problems by the development of law in courts. Thereby the courts and judges must see beyond their nose and really take into account the

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circumstances of the respective matter. Hence, the judges will be left with the recourse to well-known legal principles.

Besides, it one should be wary of over-regulating the internet relatively the IT-sector: regulating a certain matter usually provides for a loophole on a different level. This statement is not supposed to be understood as a general refusal of regulation. It is rather a thought-provoking impulse as well as a warning to be very aware of possible negative outcomes of future regulations. *Sometimes less is more.*

Ultimately, it shall once again be stressed that the principle of exhaustion must be compulsory applied to other digital goods. It is crucial to achieve a balance between the copyrights on the one hand and the target of single digital market on the other hand. Especially from an economic point of view it is by no means acceptable to treat a normal book and an eBook in a different way.