

Questions over technological protection measures for games consoles

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Introduction

On July 26 2012 the Court of Milan referred to the European Court of Justice (ECJ) for a preliminary ruling in connection with technological protection measures applied to video game consoles (Case 355/12, Nintendo Co, Ltd).

The ECJ referral follows a long-running dispute between Japanese gaming company Nintendo and Italian company PCBox Srl, which produces and markets devices (so-called 'mod chips' and 'flash cards') aimed at bypassing the technological protection measures applied to Nintendo's consoles.

Facts

Nintendo's DS and Wii consoles (like many other game consoles currently marketed) are installed with technological protection measures that interact with the technological protection measures applied to video games, thus preventing the use of non-authentic games and allowing its consoles to run games only from a given geographical location.

In 2008 Nintendo brought an action against PCBox alleging that the latter manufactured and distributed (including online) mod chips and flash cards aimed at circumventing the technological protection measures applied to Nintendo's consoles.

PCBox contended that:

- the main purpose and commercial use of the allegedly infringing mod chips was not to infringe Nintendo's rights, as the mod chips allowed independently developed (ie, non-pirated) software to run on Nintendo's consoles;

- Nintendo's use of technological protection measures on its game consoles (in addition to those applied to video games) was disproportionate and thus conflicted with Recital 48 of the EU Information Society Directive (2001/29/EC), which provides that legal protection granted to any technological protection measures "should respect proportionality and should not prohibit devices or activities which have a commercially significant purpose or use other than to circumvent the technical protection"; and
- Nintendo had abused its dominant position in the game market.

Decision

The Court of Milan ruled in favour of Nintendo, preventing PCBox from commercially dealing in mod chips and similar devices.(1) The court found that:

- it was undisputed that video games are protected under the Copyright Law; and
- the fact that the devices could be used for lawful purposes was irrelevant.

Italian courts have considered the lawfulness of mod chips on other occasions; in most cases the infringing character of these devices was established.(2)

Further, Nintendo has filed suit over the sale of mod chips and flash cards in other European jurisdictions, such as France, the Netherlands and the United Kingdom (where courts have declared such devices illegal).(3)

Legal protection of technological protection measures

Italy's implementation of its obligations regarding the legal protection of technological protection measures under Section 6 of the Information Society Directive is included in Sections 102quater and 171ter of the Copyright Law.(4)

In particular, Section 102quater of the Copyright Law empowers right holders to apply technological protection measures to protected works, including any technology, device or component that, in the normal course of its operation, is designed to prevent or restrict unauthorised acts.(5)

Section 171ter of the Copyright Law provides for criminal penalties for anyone involved in:

- the production, holding for commercial purposes, advertising or trafficking of infringing devices; or
- the provision of services whose main purpose or commercial use is to circumvent technological protection measures, or which are primarily conceived to enable or facilitate the circumvention of technological protection measures.

The Court of Milan's referral to the ECJ aimed to answer the following questions regarding Section 6 of the Information Society Directive in light of the proportionality principle set forth in its Recital 48:

- Must Article 6 of the directive be interpreted as extending technological protection measures for copyright-protected works or other subject matter to a system, produced and marketed by the same undertaking, in which a device is installed in the hardware that recognises a code on a separate housing mechanism containing the protected works, without which the works in question cannot be

accessed (the equipment in question thus incorporating a system that is not interoperable with complementary equipment or products other than those of the undertaking that produces the system)?

- Should it be necessary to consider whether the use of a product intended to circumvent a technological protection measure predominates over other commercial purposes? Moreover, may Article 6 be interpreted as requiring courts to adopt:
 - criteria to assess the rights holder's intended use of the product in which the protected content is inserted; or
 - alternatively or additionally, quantitative criteria for the extent of the uses under comparison or qualitative criteria relating to the nature and importance of the uses themselves?

Comment

These questions raise an interesting debate on whether right holders, by using technological protection measures, can prevent interoperability of their products with non-pirated and independently developed games by third parties (ie, so-called 'homebrew' applications).

The ECJ's decision on the matter will further clarify the limits of technological protection measures, particularly in cases where a device intended to circumvent a technological protection measure also has a commercial purpose or a use other than to circumvent the technological protection.

The Italian court did not issue a decision on Nintendo's alleged abuse of its dominant market position by forcing (through technological protection measures) buyers of its consoles to use them only with games also developed by Nintendo.