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INTELLECTUAL PROPERTY PROTECTION FOR SOFTWARE IN SPAIN

by HUGO ECÍJA†

I. INTRODUCTION

Intellectual property protection legislation for software in Spain is curiously dispersed at a time of rapid expansion in the market. The influence in Spain of compulsory harmonization of European Community ("EC") legislation makes for fascinating and sometimes disturbing interpretations.

Copyrights are protected in Spain by the Act of November 11, 1987, on Intellectual Property, "Act 22/87."¹ Act 22/87 is the basis for all copyright law in Spain and regulates all kinds of works; literary, artistic, and scientific. Computer programs are classified as literary works.

As a member of the EC, Spain implemented "Directive 91/250"² on December 23, 1993 for legal protection of computer programs. This EC Directive is an attempt to harmonize the laws of all EC Member States and is specifically related to legal protection of computer programs. In Spain, Directive 91/250 has been implemented by "Act 16/93"³ for the legal protection of computer programs.

The startling point is that these Acts coexist in Spain; Act 16/93 is more specific and is not in complete accordance with Act 22/87. They must be read together and only those provisions of Act 22/87 that contradict the provisions of Act 16/93 may be deemed repealed.

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1. Act 22/87 of November 11, 1987.
2. Directive 91/250/EEC of May 14, 1991 on rental rights and lending rights and on certain rights related to copyright in the field of intellectual property.
3. Act 16/93 of December 23, 1993. This Act incorporated Directive 91/250/EEC of May 14, 1991.

This article analyzes some of the provisions contained in Act 43/94⁴ and Act 27/95.⁵ The Spanish legal system related to software is also governed by trademark, unfair competition, and contract law provisions are not examined in this article.

II. DEFINITION OF COMPUTER PROGRAMS AND OBJECT OF PROTECTION

A. COMPUTER PROGRAMS

In Spain, computer programs are protected by copyright laws as literary works in accordance with international standards, and are defined as "any sequence of instructions or statements aimed at being used, directly or indirectly, in a computer system in order to perform a certain function or task or to obtain a given result, irrespective of its expression or physical support."⁶ Related technical documentation, such as the user's manual, is also protected, as well as new releases, updates, and derivative programs. However, programs which are part of an invention covered by a patent or utility model are not eligible for copyright protection.

B. OBJECT OF PROTECTION

The broad definition of a "computer program" may include the object code as well as the source code, operating system programs, the microcode within the central processing unit, and the programming language and interface. According to Act 22/87, the accompanying documentation and the user's manual will also be protected under the copyright granted to the computer program. The new Act 16/93 does not define the term "computer programs," but states that the term includes their preparatory design material. Given that the term "computer program," defined in Act 22/87, must be read in conjunction with the provisions of Act 16/93 concerning computer programs, some discrepancies exist regarding the extension of the definition of computer program and whether accompanying documentation is protected as a computer program.

However, with the implementation of Directive 93/98⁷ relating to the term of protection for copyrights and certain related rights, all literary works, including computer programs have a seventy-year protection

4. Act 43/94 of December 30, 1994. This Act incorporated Directive 92/100/EEC on rental rights and lending rights and on certain rights related to copyright in the field of intellectual property.

5. Act 27/95 of October 11, 1995. This Act incorporated Directive 93/98/EEC on harmonization of the term of protection for copyright and certain rights.

6. Act 16/93 § 96.2.

7. Act 27/95 incorporated Directive 93/98/EEC on harmonization of the term of protection for copyright and certain rights.

term. Therefore, it makes no difference whether accompanying documentation of a computer program is protected as a computer program or as another kind of literary work. Regardless of its definition, accompanying documentation of a computer program is protected with a term of seventy years after the death of the author, which is the same term of protection as that granted to the computer program.

C. VIRUSES

Act 16/93 provides that protection applies to expressions, in any form, of a computer program. However, it explicitly excludes "those programs which are created to cause injurious effects to a computer system."⁸ The Spanish legislator clearly attempted to protect computer systems from "viruses" which disrupted the software market.

D. PROTECTION OF IDEAS

In accordance with the general principles established by copyright laws, ideas and principles which underlie any element of a computer program (including those which underlie its interfaces) are not protected by copyright. The new Act 16/93 also provides that "the person having a right to use a copy of a computer program is entitled, without the authorization of the right holder, to observe, study or test the functioning of the program in order to determine the ideas and principles which underlie any element of the program if he does so while performing any of the acts of loading, displaying, running, transmitting or storing the program which he is entitled to do."⁹

E. ORIGINALITY

Also in accordance with general principles of copyright law, a computer program is protected if it is original in the sense that it is the author's own intellectual creation. No other criteria apply to determine its eligibility for protection.

III. AUTHORSHIP OF COMPUTER PROGRAMS

A. LEGAL PERSONS CONSIDERED AUTHORS

In Spain, copyright legislation establishes that the natural person who creates any work, either artistic, literary or scientific, is considered an author. Legal persons may be copyright holders by contract, license, or by law, and they may benefit from the protection conferred by law to authors. Therefore, under Act 22/87, only natural persons are eligible to be considered authors and legal persons are never considered authors.

8. Act 16/93 § 1.4.

9. *Id.*

However, Section 2.2 of Act 16/93 appears to introduce a new concept into the Spanish copyright legislation whereby a legal person may be considered an author in the case of a collective work.¹⁰ Section 2.2 of Act 16/93 is in strict contrast with the principles of the general copyright law in Spain.

For instance, copyright legislation confers privacy rights to natural persons of any kind of work. But due to the very nature of these privacy rights, it seems inappropriate to confer them to legal persons as they are conferred to natural persons. This is the result of the procedure used by the Spanish legislature to implement Directive 91/250.¹¹ Instead of enacting a new comprehensive Copyright Act that would encompass all the current dispersed legislation, the Spanish Parliament only translated into Spanish the EC Directives and did not repeal the old law, leaving to judges and lawyers the task of interpreting a copyright system becoming more complex every day.

Until the comprehensive copyright legislation is enacted in Spain, there are two different systems of authorship. One system is applicable to all kinds of works except software, where only natural persons may be considered as authors. The second system is applicable only to software programs, whereby legal persons may be considered authors in the case of collective works. These discrepancies will, presumably, be resolved by new consolidated legislation.

B. COLLABORATION WORKS

According to Act 16/93, "[i]n respect to a computer program created by a group of natural persons jointly, the exclusive rights shall be owned jointly in the proportion determined by them."¹²

This section is consistent with the general authorship rights principle for literary works that considers a work created by a group of natural persons a collaboration work.

C. SOFTWARE CREATED BY EMPLOYEES

According to Section 51.2 of Act 22/87, "the copyright of a work created in the course of or pursuant to an employment relationship is gov-

10. "Collective work" is a legal concept defined in Act 22/87 § 8 of Spanish intellectual property legislation as the work created under the coordination and initiative of a natural or legal person who edits and publishes under his name but includes the contributions of numerous authors whose personal contribution was absorbed into the creation, and where it is not possible to confer a right over the collective work to a specific contributing author. Thus, the collective work in Spanish legislation differs from the definition of collective work used in United States copyright legislation.

11. Directive 91/250/EEC.

12. Act 16/93 § 2.3.

erned by the agreement between the company and its employee. If no agreement on the subject has been entered into, there is a legal presumption that the copyright of the work has been assigned on an exclusive basis to the employer and to the extent necessary for the exercise of the habitual activity of the employer at the moment of handing over the work done by virtue of such employment relationship."¹³

In similar, but not identical terms, Section 2.4 of Act 16/93 states that "[w]here a computer program is created by an employee in the execution of his duties or following the instructions given by his employer, the employer exclusively shall be entitled to exercise all economic rights in the program (both the object and the source code) so created, unless otherwise provided by contract."¹⁴

According to Act 22/87, the legal assignment to employer seems limited to the employee's regular activities. However, Act 16/93 provides a legal assignment without limits other than those imposed by the parties. Thus, it is unclear whether the legal assignment is limited to the regular activities of the employer or not. An integrated interpretation of all copyright legislation in Spain reflects a limitation on this legal assignment, but a literal interpretation of Section 4.2 of Act 16/93 concludes that no limitation is imposed on the employer.

It is not clear whether the intention of the legislature was to provide software companies more protection than to producers of audiovisual works, literary works, or any other works. It is more likely that this is due to the lack of harmonization among the copyright laws in Spain and the mere translation into Spanish of Directive 250/91.

IV. COPYRIGHT OWNER RIGHTS

The copyright owner, in general, has two fundamental rights: (i) privacy rights, which include the right to publish a work, maintain its integrity, claim authorship, modify, and withdraw the work from the market; and (ii) exploitation rights, which include the exclusive right to market and utilize the work in any form, specifically, by means of reproduction, distribution, public communication, or transformation.

According to Act 22/87, because software is considered a literary work, software copyright owners have four major exploitation rights: rights of reproduction, transformation, distribution, and public communication. However, due to the special nature of a computer program, more specific terms are used in the new Act 16/93. This Act, with a more technical and appropriate language for software programs, gives the author of software only three exploitation rights: reproduction, distribution

13. Act 22/87 § 51.2.

14. *Id.* at § 2.4.

and transformation.¹⁵ Furthermore, a right to use the program is established and it must be determined whether such right to use is a new right or is included within the reproduction right.

A. REPRODUCTION RIGHTS

The term reproduction has been broadly defined for many years as the issuing of the work in a way that allows its divulgence and the obtention of copies of all or part of it. With the enactment of Act 16/93, a more precise definition for reproduction of a computer program has been incorporated in Spain. The new definition states that "authors or copyright owners have the exclusive rights to do or to authorize the permanent or temporary reproduction of a computer program by any means and in any form, in part or in whole."¹⁶ Insofar as loading, displaying, running, transmission, or storage of the computer program necessitates such reproduction, such acts shall be subject to authorization by the copyright holder. Therefore, any act of reproduction, either in the Random Access Memory, in the hard disk or in floppy disks, requires the consent or authorization of the copyright holder.

However, the principle of the author's exclusive reproduction rights applied in absolute terms would mean that the copyright holder or the acquirer of a computer program would not be able to use the program. This is explained by the very nature of the computer program. While the buyer of a book may read it and use it (privately), without the necessity of any act of reproduction, the copyright holder or acquirer of a computer program, in contrast, cannot use it without carrying out an act of reproduction. Because the use of software requires displaying, loading, storing, and printing, which are acts defined as reproduction acts, the use of a computer program by its very nature requires some level of reproduction. Once it is understood that the use of a computer program requires some kind of reproduction activity, the necessity to impose exceptions to the author's exclusive right of reproduction is clear.

B. SOFTWARE LICENSING AND THE RIGHT TO USE

The first exception to the author's exclusive right to reproduce is found in the Spanish copyright laws that confer a special right to use to the copyright holder of computer program. Both the old Act (22/87) and the new Act (16/93) provide some exceptions to the author's exclusive

15. Public communications rights are not included due to the nature of a computer program. It seems difficult to exercise any public communications rights that do not encompass a reproduction act. Since reproduction acts require the authorization of the author, an explicit recognition of public communication right is not needed.

16. Act 16/93 § 4.a.

reproduction right. These exceptions may be found in the form of software licensing, right to use, or necessary use of the program.

Section 99.1 of Act 22/87 expressly defines software licensing as "an agreement whereby an owner or holder of software exploitation rights grants the right to use the program retaining copyright therein."¹⁷ Moreover, Section 99.2 of Act 22/87 further establishes that software license is considered non-exclusive, non-transferable, and for the assignee's exclusive use, unless otherwise agreed upon by the parties. Moreover, Act 22/87 states that "reproduction of a licensed program, except for security purposes, even for private use, requires prior authorization of the owner or holder of the exploitation rights."¹⁸ The new Act 16/93 establishes that "the reproduction acts do not require authorization by the right holder where they are necessary for the use of the computer program by the lawful acquirer in accordance with its intended purpose."¹⁹

A careful examination of both Acts reveals that the task of interpreting the two Acts together is not simple. Commentators do not agree whether the right to use conferred to the author is a new exploitation right or is a right included in the right to reproduce. The right to use, in the opinion of some commentators, is included within the four rights conferred by copyright law. For other commentators, it is a new kind of right that pertains to software authors. The general assessment is that the right to use a program is within the four rights conferred by Act 22/87 and, in particular, is an aspect of the right to reproduce.

Reading both Acts, it remains uncertain whether the right to use, under Section 99.2 of Act 22/87 (non-transferability of a right to use), unless otherwise specified, must be deemed repealed by virtue of the new Act 16/93. Therefore, the right to use is transferable, unless otherwise specified. Indeed, according to Act 16/93, the copyright holder or acquirer of a computer program does not need authorization to carry out the reproduction acts necessary for the use of the computer program. Based upon Act 16/93, some commentators believe that the first buyer of software does not need a license to use and, unless otherwise specified, this buyer/distributor could resell the computer program to end-users without the need of licenses to use. In contrast, other commentators believe that the right to use is non-transferable, unless otherwise specified, and thus, the distributor sells to the end-user the program (medium) except that the right to use must be obtained through a license with the author. For these commentators, Section 99.2 of Act 22/87 is still applicable. Thus, the resale of the software by the distributor to a second

17. Act 22/87 § 99.1.

18. *Id.* § 99.2.

19. Act 16/93 § 5.2.

buyer (end-user) will require granting a license to use, either as a shrink-wrap license or by any other means.

The most likely and certainly most integrated interpretation of both Acts, based upon the intention of the legislature, and the nature of software, is that Section 99.2 of Act 22/87 is repealed by the new Act 16/93. The legislator, taking into account the special nature of software, provides the buyer of a program the right to use without the need of a license or the author's authorization.

1. *Standard Packages and Shrink-Wrap Licenses*

Computer programs are highly complex and expensive to develop, yet can be easily and inexpensively copied once they are recorded in electronic form. Digitalization allows copies to serve as master copies for further copies. A balance between consumer protection, without distortion to fair competition and the interests of software companies, is difficult. The answer to whether the end-user needs a license to use may differ, depending upon the nature of the software.

Standard software is usually exploited by means of distribution; the distributor will often supply the medium on which the computer program is stored, while the license may be granted by the owner. The increasing popularity of personal computers and the distribution of software by mail or retail outlet has led to the device known as a shrink-wrap license. In cases of shrink-wrap license the end-user obtains a license from the author or copyright owner.

2. *Bespoken Licenses and Modified Standard Packages*

However, in case of bespoke software or modified standard packages, the end-user buys the software without a distributor. In these cases, generally, the end user will not need a license to use. The purchase of the package will mean the acquisition of the medium. The right to use is provided by law, in particular, by Section 5.1 of Act 16/93 which states that "in the absence of specific contractual provisions, the acts of reproduction and transformation shall not require authorization by the right holder where they were necessary for the use of the computer program by the lawful acquirer in accordance with its intended purpose, including error correction."²⁰ A license to use conferring the rights of Section 5.1 may be redundant.

3. *Back-up Copy*

The second exception to the author's exclusive right to reproduce is the making of a back-up copy by a person having the right to use the

20. Act 22/87 § 5.1.

computer program. The right to a back-up copy is provided insofar as it is necessary for the use of the program. If the back-up copy is necessary for the use of the computer program, the acquirer or copyright holder has an absolute right to the back-up, and this right cannot be contractually excluded. The only question that arises then is, when is a back-up copy necessary for the use of the computer program?

The necessity of the back-up copy depends on the nature of the computer program. For instance, where the manufacturer of computers sells the computer with a software program installed in the hard disk, the buyer does not have a copy of the program and is entitled to a back-up. If the program is installed in the Random Access Memory of the computer, the customer will have two copies, a copy in the Random Access Memory of the computer and a copy in the floppy disk. In this case, it is arguable whether the back-up copy is necessary for use.

C. DISTRIBUTION RIGHTS

By virtue of Act 22/87, distribution means "to put at the public's disposal the original or copies of the work by means of its sale, hire, loan, or any other way."²¹ Act 16/93 further establishes that "the exclusive rights of the right holder shall include the right to do or to authorize any form of distribution to the public, including the rental, of the original computer program or of copies thereof."²²

Therefore, it is clear that any kind of distribution, sales, and/or rental are subject to the consent or authorization of the author or right holder of the program.

1. *Principle of Exhaustion of Rights*

Based upon the principle of "exhaustion," the first sale of a copy of a program exhausts the rights of the author, and that copy can be resold without the consent of the author. However, in Spain for many years, it was unclear whether the sale of the copy also exhausts the rights of the author to control further rental of that copy. Act 22/87 did not clarify whether the rental of a copy of a program was subject to the authorization of the author, and therefore, whether the rental exhausts the rights of the author. Although some commentators considered that the exhaustion of distribution rights in the case of rental was implied in the law, this criterion was not shared by all. Hence, Act 22/87 was clearly open to different interpretations.

Act 16/93 clarifies these issues. Section 4.c of Act 16/93 states that "the first sale in the Community of a copy of a program by the right

21. Act 22/87 § 19.

22. Act 16/93 § 4.c.

holder or with his/her consent exhausts the distribution right within the Community of that copy, with the exception of the right to control further rental of the program or a copy thereof."²³ The author retains control of the rental of the copy of the computer program. Act 16/93 is consistent with Act 43/94 on rental rights, leading rights, and on certain rights related to copyright in the field of intellectual property²⁴ that establishes "the sale of a copy of a program exhausts the rights of the author, however, the rental or lending of a copy of a program is subject to the corresponding consent or authorization of the author or right holder."²⁵

For instance, the sale of a copy of a program in France exhausts the rights of the author, and that copy may be resold in Spain or any other EC country without the author's consent. However, the rental or lending of that copy is still subject to the author's consent.

D. TRANSFORMATION RIGHTS

Included among the author's exclusive rights is also the right to do or to authorize the translation, adaptation, arrangement and any other alteration of a computer program. These transformation rights are also subject to some exceptions, such as, where such acts "are necessary for the use of the computer program by the lawful acquirer in accordance with its intended purpose, including for error correction,"²⁶ (previously explained), or where such acts are considered decompilation (explained below).

1. *Decompilation*

Decompilation is an exception to both reproduction and transformation rights. In fact, the authorization of the copyright holder is not required where reproduction of the code and translation of its form are indispensable to obtain the information necessary to achieve the interoperability of an independently created computer program with other programs.

Decompilation is necessary for the inter-operability of a computer program, but the right of an acquirer or copyright holder to decompile without limits will mean the legitimization of any act of counterfeiting. Therefore, decompilations cannot be interpreted in such a way as to allow their application to be used in a manner which unreasonably impairs the copyright holder's legitimate interests or conflicts with normal exploitation of the program.

23. *Id.*

24. Act 43/94 is applicable to software programs as long as it does not contradict Act 16/93.

25. Act 16/93 § 5.2.

26. *Id.*

Acts of decompilation do not require authorization as long as (i) the acts of decompilation are performed by a copyright holder or on behalf of a right holder, (ii) the information necessary to achieve inter-operability has not previously been readily available to those persons; and (iii) these acts are confined to the parts of the original program which are necessary to achieve inter-operability. Furthermore, Section 6 of Act 16/93 establishes some limits in regard to the use of the information obtained through decompilations, and thus, such information is only permitted: "(a) to be used for goals other than to achieve the inter-operability of the independently created computer program; (b) to be given to others, except when necessary for the inter-operability of the independently created computer program; or (c) to be used for the development, production or marketing of a computer program substantially similar in its expression, or for any other act which infringes copyright,"²⁷ as per Section 6 of Act 16/93.

V. CRIMINAL AND CIVIL PROTECTION FOR SOFTWARE RIGHT HOLDERS

Copyright infringement may be prosecuted by means of both civil and criminal actions.

A. CRIMINAL ACTION

In Spain, the enactment of a new Penal Code on November 24, 1995, enforceable as from May 24, 1995, punishes any act of putting into circulation or possession for commercial purposes of any means whose sole intended purpose is to facilitate the unauthorized removal or circumvention of any technical device which may have been applied to protect a computer program.²⁸ The penalties for these kind of acts range from six months to four-year imprisonment.

Furthermore, any act of putting into circulation or possession, for commercial purposes, of a copy of a computer program, knowingly, or having reason to believe that it is an infringing copy, without the authorization of the copyright owners, is punishable with imprisonment that ranges from six months to four years.

The above-mentioned acts are also the basis for the corresponding claims for damages.

B. CIVIL REMEDIES

Other than the claims for damages, as a victim of a criminal offense the author may claim a civil remedy. A civil remedy is available in the

27. *Id.* § 6.1.

28. Penal Code, November 24, 1995, § 270.

form of a cease and desist action. A judgement in a cease and desist action may include: (a) cessation order of the infringer's activity; (b) injunction or order to prevent future fraudulent actions; (c) withdrawal from trade of illegal copies as well as reproduction materials and destruction of same, if necessary; (d) seizure of equipment used for unauthorized public communication; (e) damages, to be assessed either on a loss of profit basis or on the basis of revenue that the copyright owner would have earned under a licensing arrangement with the infringer; and (f) moral damages under very special circumstances. Any infringing copy of a computer program is further liable to seizure.

In Spain, several campaigns are being carried out against fraudulent and counterfeiting practices with reasonable success.

VI. TERM OF PROTECTION

In Spain, computer program protection is granted for the life of the author and for seventy years following the author's death, "post mortem auctoris," or after the death of the last surviving author. In cases of anonymous or pseudonymous computer programs, and where a legal person is designated as the author, the term of protection is seventy years from the time that the computer program is first lawfully made available to the public. The day from which, "dies a quo," begins on the first of January of the year following the above mentioned events.

VII. CONCLUSION

Despite the frustration created by the coexistence in Spain of so many different and sometimes contradictory copyright laws, interpretation discrepancies are inevitable in the face of such rapid and intense EC legal harmonization. It cannot be disputed that the goal of European legal harmonization is worthy, however.

In general terms, it is clear that the dispersion of the Spanish legislation is distressing and should be reviewed and consolidated. There are plans to legislate in answer to this problem, and indeed, criticism is made in an attempt to speed up the consolidation of the legislation process. It is pleasant to contemplate the order that will follow.²⁹

29. After submission but prior to publication of this Article, the Author's contemplation was realized by passage of Spain's new Intellectual Property Act of 1996. The new Act consolidated and compiled all present dispersed Spanish intellectual property law and will, in the words of the author, "facilitate the finding of the dispersed IP legislation and solve the frustration created by the coexistence in Spain of so many different copyright laws."