

Clarification of the admissibility of a software copyright infringement action when the infringement results from the violation of a licence agreement (Ruling No. 705 – 21-15.386)

05/10/2022



Appeal No. 21-15.386

Partial quashing

THE COURT OF CASSATION, FIRST CIVIL CHAMBER, ruled as follows:

CIV. 1

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COUR DE CASSATION (COURT OF CASSATION)

Public hearing of 5 October 2022

Partial quashing

Mr CHAUVIN, President Ruling No. 705 FS-B

Appeal No. 21-15.386

FRENCH REPUBLIC

ON BEHALF OF THE FRENCH PEOPLE

RULING OF THE COURT OF CASSATION, FIRST CIVIL CHAMBER, 5 OCTOBER 2022

The company Entr'Oouvert, a worker's cooperative production company, the head office of which is [Address 2], brought appeal No. 21-15.386 against the ruling of the Paris Court of Appeal (Division 5, Chamber 2) of 19 March 2021 in the dispute between:

1. Orange, a public limited-liability company, whose registered office is [Address 3],
2. the company Orange Business Services, whose head office is [Address 1], successor to the rights of Orange Applications for Business,

respondents at the quashing.

The companies Orange and Orange Business Services lodged a cross-appeal against the same ruling.

In support of its action, the appellant relies on the single ground of appeal attached to the present ruling.

In support of their action, the appellants on cross-appeal rely on the single ground of appeal in the present ruling.

The case file has been sent to the Prosecutor General.

On the report of Mr Chevalier, judge, the observations and pleadings of SCP Piwnica and Molinié, counsel for the company Entr'Oouvert and SAS Buk, Lament-Robillot, counsel for the companies Orange and Orange Business Services, and the advisory opinion of Ms Mallet-Bricout, Advocate-General, after discussion at the public hearing on 12 July 2022 in which Mr Chauvin, President, Mr Chevalier, judge-rapporteur, Ms Duval-Arnould, elder judge, Mr Mornet, Ms Kerner-Menay, Ms Bacache-Gibeili, judges, Ms Gargoullaud, Ms Dazzan, Ms Le Gall, Ms Feydeau-Thieffry, Mr Serrier, judge referees, Ms Mallet-Bricout, Advocate-General, and Ms Tinchon, Chamber Registrar,

following deliberation in accordance with law, the First Civil Chamber of the Court of Cassation, composed of the abovementioned president and judges in accordance with Article R. 431-5 of the Judicial Code, delivered this ruling.

Facts and Procedure

1. According to the ruling under appeal (Paris, 19 March 2021), the company Entr'Oouvert designed software called "Lasso", which enables the establishment of a single authentication system, which it distributes under free license or commercial license in return for the payment of royalties for its benefit.
2. Following a call for tenders by the State for the creation of the portal called "My Public Service", Orange provided an identity management computer solution and interface for service providers (IDMP), using a software platform called "Identity Management Platform", integrating the Lasso software.
3. On April 29, 2011, considering that this provision of its software was not in conformity with the terms of the free license and that it constituted an act of unfair competition, the company Entr'Oouvert, after having had works infringing copyright confiscated at the headquarters of the company Orange, brought an action for copyright infringement and free riding.
4. The company Orange Application for Business, which owns Orange Business Services, intervened voluntarily in the proceedings.
5. A judicial appraisal of the IDMP platform provided by Orange was ordered.

Reviewing pleas

[...]

On the first part of the plea

Statement of plea

12. The company Entr'Oouvert complains that the judgment declares it inadmissible to act on the basis of infringement, whereas "the Court of Justice of the European Union has ruled (CJEU, December 18, 2009, IT Development v. Free Mobile, Case C-666/18) that Directive 2004/48/EC of the European Parliament and of the Council of 29 April 2004 on the enforcement of intellectual property rights and Directive 2009/24/EC of the European Parliament and of the Council of 23 April 2009 on the legal protection of computer programs must be interpreted as meaning that the infringement of a clause in a computer program licensing agreement relating to the intellectual property rights of the holder of the copyright in that program falls within the concept of 'infringement of intellectual property rights' as defined in Directive 2004/48, and that, consequently, the holder must be able to benefit from the guarantees provided for by said directive, irrespective of the liability regime applicable under national law; that in French law only the action for infringement provided for in the Intellectual Property Code offers the copyright holder on a computer program the guarantees provided for in said Directive; that it is therefore admissible to bring infringement proceedings even if the infringement of its copyright results from the infringement of a clause of a license agreement; that in stating nevertheless, in order to declare the action of the company Entr'Oouvert inadmissible, that when the event giving rise to an infringement of an intellectual property right results from an act of infringement, the action must be brought on the basis of the liability in quasi-delict provided for in Article L. 335-3 of the Intellectual Property Code and that, on the other hand, when the event giving rise to an infringement of an intellectual property right results from a contractual breach, the holder of the right having contractually agreed to its use subject to certain restrictions, only an action for contractual liability is admissible by application of the principle of non-accumulation of liability, the Court of Appeal violated Article L. 335-3 of the Intellectual Property Code by refusing to apply it, together with Directives 2004/48 and 2009/24 by misinterpreting them, and the principle of non-accumulation of liability by misapplying it."

Court's response

Having regard to Article L. 335-3(2) of the Intellectual Property Code, Articles 7 and 13 of Directive 2004/48/EC of the European Parliament and of the Council of 29 April 2004 on the enforcement of intellectual property rights and Article 1 of Directive 2009/24/EC of the European Parliament and of the Council of 23 April 2009 on the legal protection of computer programs:

13. According to the first of these texts, the violation of one of the rights of the author of a software defined in Article L. 122-6 of the Intellectual Property Code constitutes an offence of infringement.

14. In accordance with the second text, Member States shall ensure that the competent judicial authorities, before initiating any action on the merits, may, at the request of a party which has submitted reasonably accessible evidence in support of its claims that its intellectual property right has been infringed or that such infringement is imminent, order prompt and effective interim measures to preserve the relevant evidence, such measures being able to include the detailed description with or without sampling, or the actual confiscation of the goods at issue and, where appropriate, of the materials and instruments used to produce and/or distribute said goods and related documents.

15. Pursuant to the third of the above texts, Member States shall ensure that the judicial authorities, when setting damages, take into account all appropriate aspects such as the negative economic consequences, in particular the loss of profit, suffered by the injured party, the profits unjustly made by the infringer and, in appropriate cases, factors other than economic, such as the non-material damage caused to the right-holder as a result of the infringement, or, alternatively, may set, in appropriate cases, a flat-rate amount of damages, based on such factors as, at least, the amount of royalties or duties which would have been due had the infringer applied for the authorization to use the intellectual property right in question.

16. By virtue of the fourth text, Member States must protect computer programs by copyright.

17. The Court of Justice of the European Union has ruled that "Directive [2004/48] and Directive [2009/24] must be interpreted as meaning that infringement of a clause of a license agreement for a computer program, relating to the intellectual property rights of the owner of the copyright in that program, falls within the concept of 'infringement of intellectual property rights', as defined in Directive 2004/48, and that, consequently, that owner must be able to benefit from the guarantees provided for by that directive, regardless of the liability regime applicable under national law (CJEU, ruling of 18 December 2019, C-666/18)."

18. While, according to Article 1147 of the Civil Code, in its wording prior to that resulting from Order No. 2016-131 of 10 February 2016, in the event of non-performance of its obligations arising from the contract, the debtor may be ordered to pay damages, these may not, in principle, exceed what was foreseeable or what the parties have agreed. Furthermore, it is clear from Article 145 of the Civil Procedure Code that the legally admissible measures of inquiry do not allow the actual confiscation of the goods alleged to constitute an infringement of the rights in question or of the materials and instruments used to produce or distribute them.

19. It follows that, in the event of infringement of its copyright, the owner, not benefiting from the guarantees provided for in Articles 7 and 13 of Directive 2004/48 if he acts on the basis of contractual liability, is entitled to bring an infringement action.

20. In order to declare inadmissible the copyright infringement claims brought by the company Entr'Oouvert for infringement of the license agreement between the parties, the ruling notes that the CJEU does not call into question the principle of non-cumulation of tortious and contractual liability and it deduces therefrom that, where the event giving rise to an infringement of an intellectual property right results from a contractual infringement, only an action for contractual liability is admissible.

21. In so ruling, the Court of Appeal violated the above-mentioned texts.

ON THESE GROUNDS, and without having to rule on the other objections of the appeal, the Court:

QUASHES AND SETS ASIDE, but only in so far as it declares the company Entr'Ouvert inadmissible to bring an action for infringement, the ruling delivered between the parties by the Paris Court of Appeal on 19 March 2021; Returns, except on this point, the case and the parties to the status existing prior to the said ruling and refers them to the Court of Appeal of Paris, otherwise composed; Orders the companies Orange and Orange Business Services to pay costs;

In accordance with Article 700 of the Civil Procedure Code, rejects the application made by the companies Orange and Orange Business Services and orders them to pay the company Entr'Ouvert the sum of EUR 5,000;

At the request of the Prosecutor-General of the Court of Cassation, this ruling shall be forwarded for transcription along with or further to the partially quashed ruling;

Thus decided by the First Civil Chamber of the Court of Cassation and pronounced by the president at the public hearing on the fifth of October, two thousand and twenty-two.

President : Mr Chauvin

Reporting Judge : Mr Chevalier

Advocate-general : Ms Mallet-Bricout

Lawyer(s) : SCP Piwnica and Molinié – SAS Buk, Lament-Robillot

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